

The next amendment was, on page 150, line 18, after the word "laws," to insert the following proviso:

Provided, That high-proof fruit spirits made in distilleries connected with wineries for use in the fortification of wines may also be withdrawn and used under the same laws and regulations applicable to the withdrawal and use of alcohol for all nonbeverage purposes.

So as to make the paragraph read:

PAR. 814. No wines, spirits, or other liquors or articles provided for in this schedule containing one-half of 1 per cent or more of alcohol shall be imported or permitted entry except on a permit issued therefor by the Commissioner of Prohibition, and any such wines, spirits, or other liquors or articles imported or brought into the United States without a permit shall be seized and forfeited in the same manner as for other violations of the customs laws: *Provided, That high-proof fruit spirits made in distilleries connected with wineries for use in the fortification of wines may also be withdrawn and used under the same laws and regulations applicable to the withdrawal and use of alcohol for all nonbeverage purposes.*

The amendment was agreed to.

The VICE PRESIDENT. This completes Schedule 8.

Mr. CONNALLY. Mr. President, may I ask the Senator from Utah whether there was an agreement to go back to the beginning of the agricultural schedule for the offering of individual amendments?

Mr. SMOOT. No; I asked twice that that be done, but unanimous consent was refused. On Monday morning we will take up the sugar schedule.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate sundry executive messages from the President of the United States, which were referred to the appropriate committees.

RECESS

Mr. SMOOT. Mr. President, I move that the Senate take a recess until Monday morning at 10 o'clock.

The motion was agreed to; and the Senate (at 12 o'clock and 55 minutes p. m.) took a recess until Monday, November 18, 1929, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate November 16 (legislative day of October 30), 1929

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Nelson T. Johnson, of Oklahoma, now an Assistant Secretary of State, to be envoy extraordinary and minister plenipotentiary of the United States of America to China, vice John Van A. MacMurray, resigned.

APPOINTMENTS IN THE ARMY

MEDICAL CORPS

To be first lieutenants with rank from November 12, 1929

First Lieut. Joseph Julius Hornisher, Medical Corps Reserve.
First Lieut. Roland Keith Charles, jr., Medical Corps Reserve.

First Lieut. Harold James Collins, Medical Corps Reserve.
First Lieut. Frederick Cantwell Kelly, Medical Corps Reserve.

First Lieut. William Henry Powell, jr., Medical Corps Reserve.

DENTAL CORPS

To be first lieutenant with rank from November 3, 1929

First Lieut. Grant Arthur Selby, Dental Corps Reserve.

PROMOTIONS IN THE ARMY

To be colonel

Lieut. Col. Gordon Johnston, Cavalry, from November 9, 1929.

To be lieutenant colonels

Maj. James Josephus Loving, Corps of Engineers, from November 9, 1929.

Maj. Frederick Blundon Downing, Corps of Engineers, from November 12, 1929.

Maj. Edmund Leo Daley, Corps of Engineers, from November 13, 1929.

Maj. Henry Abercrombie Finch, Corps of Engineers, from November 13, 1929.

To be majors

Capt. Berthold Vogel, Coast Artillery Corps, from November 9, 1929.

Capt. Harry Howell Dunn, Cavalry, from November 12, 1929.

Capt. Renn Lawrence, Cavalry, from November 13, 1929.

Capt. John Richard Hermann, Infantry, from November 13, 1929.

PROMOTIONS IN THE NAVY

Lieut. Col. James T. Buttrick to be a colonel in the Marine Corps from the 12th day of November, 1929.

Maj. Frederick A. Gardener to be a lieutenant colonel in the Marine Corps from the 6th day of November, 1929.

Maj. Tom D. Barber to be a lieutenant colonel in the Marine Corps from the 12th day of November, 1929.

First Lieut. William J. Livingston to be a captain in the Marine Corps from the 23d day of July, 1929.

First Lieut. Carl F. Merz to be a captain in the Marine Corps from the 24th day of August, 1929.

Second Lieut. William W. Conway to be a first lieutenant in the Marine Corps from the 16th day of May, 1929.

Second Lieut. Arthur G. Blesener to be a first lieutenant in the Marine Corps from the 28th day of September, 1929.

Second Lieut. Gerald H. Steenberg to be a first lieutenant in the Marine Corps from the 1st day of October, 1929.

Second Lieut. George H. Bellinger, jr., to be a first lieutenant in the Marine Corps from the 6th day of November, 1929.

Pay Clerk Gouveneur H. Parrish to be a chief pay clerk in the Marine Corps, to rank with but after second lieutenant, from the 5th day of October, 1929.

SENATE

Monday, November 18, 1929

(Legislative day of Wednesday, October 30, 1929)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Edge	Jones	Schall
Ashurst	Fess	Kean	Sheppard
Barkley	Fletcher	Kendrick	Shortridge
Bingham	Frazier	Keyes	Simmons
Black	George	La Follette	Smith
Blaine	Gillett	McCulloch	Smoot
Blease	Glass	McKellar	Steck
Borah	Glenn	McMaster	Stelwer
Bratton	Goff	McNary	Stephens
Brock	Goldsborough	Moses	Swanson
Brookhart	Greene	Norbeck	Thomas, Idaho
Broussard	Hale	Norris	Thomas, Okla.
Capper	Harris	Nye	Townsend
Caraway	Harrison	Oddie	Trammell
Connally	Hastings	Overman	Tydings
Copeland	Hatfield	Patterson	Vandenberg
Couzens	Hawes	Phipps	Walcott
Cutting	Hayden	Pittman	Walsh, Mass.
Dale	Heflin	Ransdell	Walsh, Mont.
Deneen	Howell	Robinson, Ind.	Waterman
Dill	Johnson	Sackett	Wheeler

Mr. SHEPPARD. I desire to announce that the junior Senator from Utah [Mr. KING] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

Mr. SCHALL. My colleague [Mr. SHIPSTEAD] is absent, ill.
The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

THE JOURNAL

Mr. JONES. Mr. President, I ask unanimous consent that the Journal for the calendar days of Thursday, November 14, Friday, November 15, and Saturday, November 16, may be approved.

The VICE PRESIDENT. Without objection, it is so ordered.

FASCISM IN THE UNITED STATES

Mr. HEFLIN. Mr. President, I send to the desk an editorial from the Chicago Tribune, which I ask may be read by the clerk.

The VICE PRESIDENT. Without objection, the clerk will read the editorial.

The Chief Clerk read as follows:

[From the Chicago Tribune, October 25, 1929]

FASCISM IN THE UNITED STATES

Mr. Marcus Duffield, a New York newspaper man, has produced in the November issue of Harper's Magazine illustrations of how Mussolini's Government has seriously invaded American sovereignty. The editor suggests, and we believe readers of the article will agree, that the exposure should not be overlooked by the State Department.

That Mussolini has organized Italian residents of the United States, naturalized and unnaturalized, through the Fascist League of North America, has been a matter of general knowledge. The operations of the league, however, have never been so adequately exposed.

Mr. Duffield charges that the Fascist League here has been organized to preserve and prepare men of Italian extraction for Italian war

service, to stifle anti-Fascist expression which might threaten American loans to Italy, and to produce revenue. Italian immigrants are discouraged from taking out citizenship papers. Italian newspapers teach that an Italian who becomes an American citizen is a renegade. The penalty is expulsion from the Fascist League, a deprivation which may bring embarrassment to the Italo-American traveling in Italy or transacting business there.

Italo-Americans have been assessed Mussolini's bachelor tax. If it is not paid, it is collected from relatives in Italy. Fascist schools have been organized in the United States, many of them conducted in public-school buildings to promote Fascist doctrines. Anti-Fascist or non-Fascist Italo-American newspapers suffer advertising boycotts; one journal was raided and its linotype machines confiscated. Anti-Fascist grocers are boycotted and anti-Fascist employees lose their jobs.

Mr. Duffield tells with names the stories of Italians living in the United States who have visited Italy never to return here. Their fates are not certain, but Mr. Duffield's information indicates that they are in Italian prisons for the crime of criticizing the régime while in this country.

The problem of assimilating foreign elements in our population is difficult even without a propaganda directed at keeping those elements estranged. The business of the Fascist League is to prevent the absorption of Italians by American life. That is a program of defeatism inimical to the national welfare of his country. It is not a friendly act.

The contempt of Fascism for American citizenship rights is more serious because it is more overt. The Italian Government must be advised that American citizens are responsible to this government and that any attempt even by indirection of the Fascist régime to assume jurisdiction over our nationals will not be tolerated.

Mr. HEFLIN. Mr. President, I desired to have read to the Senate this editorial from the Chicago Tribune relating to Fascist activities in the United States. I introduced a resolution some weeks ago calling upon the State Department to report to the Senate what information it has upon the activities of these agents of Mussolini. I have received quite a number of letters from patriotic Americans of Italian descent supporting my resolution and calling upon our Government to do something to protect them and their children. The Fascist agents of Mussolini are organizing the boys of patriotic Americans of Italian blood into the junior order of Fascists, and the fathers and mothers are protesting against it. It does seem that our Government could pause long enough in its other duties to reach out a protecting hand to these loyal citizens of the United States.

Nothing has been done with my resolution. I understand the Fascists are protesting against its adoption. My resolution is sleeping in the Committee on Foreign Relations while Mussolini is occupying the front page of our daily papers with his Fascist propaganda. On yesterday the Washington Star had his picture on the front page and carried quite a lengthy article from Mussolini himself boosting Fascism.

Mr. DILL. Mr. President—

Mr. HEFLIN. I yield to the Senator from Washington.

Mr. DILL. I wish to ask the Senator if he has taken this matter up with the Secretary of State, aside from his resolution?

Mr. HEFLIN. I have not.

Mr. DILL. I will say to the Senator that I have received some letters on the subject from my own State and that I have referred those letters to the Secretary of State and asked him what, if any, investigation he was making and what he knew as to the truth of those reports. If it be true that there is a large body of Italians in this country paying tribute, as Harper's Monthly for November asserts, then it is high time that something should be done, and it is high time that this Government should take action upon this subject.

Mr. HEFLIN. I thank the Senator from Washington for his statement.

Mr. JONES. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the senior Senator from Washington?

Mr. HEFLIN. I yield.

Mr. JONES. I should like to say to the Senator that I have done substantially the same thing as has my colleague. I, too, have received some letters in reference to this matter, and I referred them to the Secretary of State.

Mr. HEFLIN. But we have not heard anything from the Secretary of State. We certainly ought to get action upon this very important matter. The editorial which was read a little while ago shows that bachelor American citizens of Italian descent in the United States are assessed the bachelor's tax in Italy, and if they refuse to pay it the Italian Government makes their relatives in Italy pay it. There are two instances now where American citizens visiting their relatives in Italy

have been forced into military service under Mussolini and are not permitted to return to their homes in the United States. They have passports from the United States, but those passports are not respected and those persons are held in Italy. I have a letter from an American citizen of Italian blood who went to Italy to see his relatives, and the Italian Government held him, but by paying some one in authority a thousand dollars he got over into France and through France back to the United States.

I ask Senators to read the article written by Mussolini, which appeared in the Washington Star of yesterday, and then to read the book of John Bond, *The Wild Man of Europe*, and they will read one of the most blood-curdling stories of persecution and murder that they ever read.

I remember a little while ago how we were all shocked at the killing of guards in a prison in Colorado. The guards were stabbed to death, pitched out of the window, and fell to the ground below. Mussolini's Fascist agents murdered Masons by the hundreds in Italy. They stabbed some of them to death in their lodge rooms, up on the fifth and sixth floors, then pitched them out of the window, and they fell dead on the sidewalks below amongst their horrified and mourning loved ones.

Mussolini is the most dangerous man in the world to-day; and here we are just sitting idly by while American citizens, who are entitled to the protection of our flag, who have sworn allegiance to it in the United States, and who have gone away with passports from this Government to visit loved ones in a foreign land, to be seized and held by this tyrant. He says, "Why, you have Italian blood in you"; "but," the American prisoner replies, "I am a citizen of the United States, and I have been a citizen of that country for a long time." "It does not make any difference," says Mussolini, "once an Italian citizen, an Italian citizen still under the Fascist Government to the seventh generation." Senators, that is his doctrine.

Great Britain is respected the world over because of one outstanding fact: No subject of Great Britain can be oppressed anywhere without that Government going to his rescue. I do not care how humble he is, if another government anywhere on earth imposes upon a subject of Great Britain, Great Britain, with all the force of her Government, goes to his rescue. The flag of Great Britain and the rights of subjects of Great Britain must be respected; but here we are doing nothing while a band of roving Fascist marauders are terrorizing right here at home American citizens of Italian descent, and Mussolini is seizing American citizens visiting Italy and compelling them to do military service for the Fascist Government.

The Fascist forces have now become so strong politically that they are influencing some of our leaders in the United States.

Mr. President, I do not believe there is a country on earth that is so afflicted with foreign intrigue and foreign chicanery as is the Government of the United States. I saw the Congress of the United States fail and refuse to eliminate from enumeration of the population of the United States when we were considering a bill apportioning Members of Congress, thousands of aliens who have come in here not by the permission and leave of this Government but by fraud; they were smuggled in. Yet when we wanted to eliminate them from the basis of population for membership in the House of Representatives on the ground that they were not entitled to be here, and therefore ought not to be counted in with the population of American citizens for the purpose of increasing the membership of Congress, but we were unable to do it.

Then, when we asked to have a census of them, so that we would know who they were when they came here, and how they come, that proposition, too, was voted down in the Congress of the United States. Alien influence in various forms—Fascism and communism—now constitute a dangerous menace to the rights and interests of loyal American citizens. The day is not far distant when there must be sounded in this Nation a clear, ringing demand for undivided and whole-hearted loyalty to the Government of the United States.

Now we have Fascism to the front; Mr. Duffield has made a powerful arraignment of their activities; the newspapers of the country are commenting favorably upon his article; a resolution is pending in a committee of this body to investigate, to get information regarding their activities, in an effort to seek to protect the rights of American citizens under the flag; and yet, no action is taken.

Mr. President, I shall have more to say on this subject from time to time.

PETITIONS AND MEMORIALS

Mr. VANDENBERG presented a resolution adopted by the common council of the city of Flint, Mich., favoring the passage

of legislation granting increased pensions to veterans of the Spanish-American War, which was referred to the Committee on Pensions.

Mr. BROOKHART presented petitions, numerous signed by sundry citizens of the State of Iowa, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

Mr. COPELAND presented petitions of sundry citizens of the State of New York, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

Mr. CAPPER presented petitions of 613 citizens of Topeka, Manhattan, Emporia, and Wilson, all in the State of Kansas, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

Mr. FESS presented memorials of sundry citizens of the State of Ohio, remonstrating against inclusion in the pending tariff bill of any increased duty on wrapper leaf tobacco, which were ordered to lie on the table.

Mr. NORRIS presented memorials of sundry citizens of the State of Ohio, remonstrating against the inclusion of the so-called flexible provision in the tariff law, and also remonstrating against the imposition of such tariff duties as may unduly increase costs in the United States or bring about unfavorable reactions in foreign countries, which were ordered to lie on the table.

REPORT OF POSTAL NOMINATIONS

Mr. PHIPPS, as in open executive session, from the Committee on Post Offices and Post Roads, reported sundry post-office nominations, which were ordered to be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 2139) to amend section 8 of the act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, as amended; to the Committee on Agriculture and Forestry.

A bill (S. 2140) for the relief of Reed Walworth; to the Committee on Claims.

A bill (S. 2141) to amend the World War veterans' act, 1924, as amended; to the Committee on Finance.

A bill (S. 2142) for the incorporation of the Klamath Tribe of Indians, and for other purposes; to the Committee on Indian Affairs.

A bill (S. 2143) for the relief of Reed Walworth; to the Committee on Naval Affairs.

A bill (S. 2144) for the relief of Thomas G. Harris; and

A bill (S. 2145) for the relief of Clay D. Barhyte; to the Committee on Civil Service.

By Mr. NORRIS:

A bill (S. 2146) to amend section 939 of the Revised Statutes; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A bill (S. 2147) for the relief of Otto Christian; to the Committee on Military Affairs.

A bill (S. 2148) for the relief of Tampico Marine Iron Works; to the Committee on Claims.

CHANGE OF REFERENCE—CAPTAIN SPOONER

On motion of Mr. McNARY, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 2102) for the relief of Capt. Lloyd S. Spooner, Service Company, Fourth Infantry, United States Army, and it was referred to the Committee on Claims.

TRAFFIC IN NARCOTICS AND LEGAL REMEDIES

Mr. BLEASE. Mr. President, a few days ago I made some remarks with reference to narcotics and dope. I have been informed that possibly it will take two or three years in this District to get some criminal cases tried that are now on the docket.

I have observed something here that in a good long experience at the bar I have never seen elsewhere. The prosecuting attorney goes into the grand jury room and not only presents to the grand jury the prosecuting witnesses, or what are generally called the Government witnesses, but he presents the defendant's witnesses; and instead of the grand jury merely making a casual examination to see whether there is sufficient evidence upon which to base the finding of a true bill, they try the case, and if they find a true bill it is virtually a verdict of guilty.

The Constitution of the United States provides that "in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial"; and, of course, it is necessary to have a true bill before a man can be tried on certain charges.

I noticed in yesterday's paper—and I call that to the attention of my colleagues on the District subcommittee—that \$50,000 worth of dope was taken here in a midnight raid, the value of it being about \$4,000 at wholesale price and about \$50,000 at bootleg prices. I ask to have three articles on the subject printed in the RECORD along with my remarks, and also an article from the Washington Post entitled "The Cost of Crime."

The VICE PRESIDENT. Without objection, the articles will be printed in the RECORD.

The matter referred to is as follows:

[From the Washington Herald of Sunday, November 17, 1929]

\$50,000 "DOPE" TAKEN HERE IN MIDNIGHT RAID—EX-BODYGUARD OF CAPONE IS SEIZED IN FIGHT IN HOTEL—NARCOTICS FOUND IN ROOM

Concentrated here from all over the Atlantic seaboard, United States narcotic agents delivered a smashing blow at the powerful dope "industry" late last night, when they arrested two men and seized \$50,000 worth of heroin, one of the most powerful and vicious of all drugs.

In a fight in a sordid hotel here, agents overpowered W. M. Felton, alias "Miami Billy," former Capone bodyguard, and found in his room 11 ounces of heroin—enough for 84,960 "doses."

ANOTHER ALSO HELD

Bleeding from the face, Felton was brought to headquarters with John Basil Theobar, 27, said to be an accomplice, and who also will be charged with Harrison Act violations.

It was pointed out that the raid quickly followed the recent dramatic gesture of Senator COLE BLEASE, of South Carolina, when he held aloft in the Senate Chamber a packet of opium which, he thundered, was bought within a few blocks of the Capitol.

CITY IS RELAY POINT

The raid revealed also, it was said, that Washington was the relay point for shipments of large quantities of drugs between New York and Kansas City.

The sinister merchants of the "dope industry" recently have built up a "trade" in that city and drug prices there are towering daily.

[From the Sunday Star of November 17, 1929]

SUSPECTS SEIZED WITH NARCOTICS—RING OPERATING OUT OF NEW YORK BELIEVED UNCOVERED IN ARRESTS HERE

The activities of an alleged drug ring, which Federal narcotic agents say is operating out of New York were dealt a blow last night when more than a score of agents from Baltimore and this city arrested two men and seized drugs valued at \$4,000, which they said were destined for Kansas City, Mo.

The arrested men gave their names as W. M. Felton, 33 years old, alias "Miami Billy," and John Theoharides, alias John Thabar, 27 years old. They were taken into custody in a pool room on Ninth Street near D Street, shortly before midnight. The men were taken to the first precinct station house and held on a charge of violating the Harrison Narcotic Act.

Eleven ounces of heroin, which the agents claimed had a "bootleg" value of \$4,000, were found in their possession, agents say.

J. Bruce Gresson, agent in charge, operating out of the Baltimore district, said last night that Felton told him he had been in Florida with "Scarface" Al Capone, of Chicago, and when the latter was jailed in Philadelphia several months ago he came to this city.

[From the Washington Post of Sunday, November 17, 1929]

TWO ARE SEIZED BY NARCOTIC AGENTS IN HOTEL RAIDS HERE—DRUGS VALUED AT \$4,000 TAKEN; LEADER GIVES OFFICERS SLIP

In a spectacular series of raids on downtown hotels last night seven special narcotic agents, acting under the supervision of G. B. Gresson and W. S. Blanchard, first assistant to Col. L. G. Nutt, arrested two men, seized a large quantity of heroin and barely missed capturing a third man who is said to have had in his possession approximately 100 ounces of the drug.

Acting through undercover agents, the narcotic men got a tip on the Washington headquarters seven weeks ago. With five of the crack operatives of the bureau working to ferret out the members of the gang, the information was gleaned that Washington was a way station for a gang operating in Kansas City and New York City.

Armed with that information the agents, in cooperation with C. W. Mansfield and Robert Sanders, detective sergeants, arranged for a series of deliveries last night. The first two are said to have gone through without a hitch and W. M. Felton, alias "Miami Billy," 33 years old, and John Theoharides, alias John Thobar, 27 years old, were taken into custody.

On the former the agents found 11 ounces of heroin, they allege. "Miami Billy" did not take kindly to his arrest, and when he appeared

at headquarters he had a bloody nose and a disheveled appearance. Theoharides, a little chap, proved more amenable to the suggestion that he "come along." Five ounces were taken on him, police say.

The third trap was kept waiting most of the night, but the agents gave up when their man, with whom an appointment had been made, had not made his appearance several hours later. He is known as the leader, though "Miami Billy" is credited with having a large say in the gang's operations.

The narcotics gathered last night are valued at \$4,000, and the agents were chagrined when they failed to make connections with the 100-ounce shipment.

They were loathe to tell where they picked up the two men. They said both lived in Washington and numerous other cities. While the agents were bringing Theoharides to headquarters following his seizure in a "Pennsylvania Avenue hotel" the automobile was struck by another machine at Thirteenth Street and Pennsylvania Avenue NW.

In the ensuing confusion the prisoner made an attempt to escape, but a firm grip on his trousers by a husky agent changed his mind for him. No one was hurt.

Convinced that the "master mind" had double-crossed them, both Felton and Theoharides talked freely to the detectives. They laid bare intimate details of the gang's operations, and additional seizures and arrests are expected shortly.

The agents who participated in the cases were E. K. Rabbitt, S. L. Rakusin, J. W. MacDonald, George Cunningham, and C. E. Fortner.

[From the Washington Post, November 17, 1929]

THE COST OF CRIME

What is the cost of crime? This is one of the questions that the National Commission on Law Enforcement purposes to answer. A subcommittee charged with this phase of the general investigation into crime met last week with Chairman George W. Wickersham and outlined its plan. This will be one of the most interesting and valuable surveys to be made by the commission.

The cost of crime has never been computed accurately, and it is doubtful if it can be done. A few years ago it was estimated that crime costs the United States \$3,000,000,000 annually, but the figure is perhaps far too small when all factors are taken into consideration. The cost of maintaining city and State police forces amounts to a large sum. To this must be added the cost of employing night watchmen, insurance against burglary, etc. The value of money, jewels, and other articles stolen mounts up to a huge sum in a year, and the damage to property through arson or malicious mischief is considerable. Even maintenance of criminal courts and public prosecutors is a big item.

One of the principal costs is the maintenance of thousands of convicts in idleness. Some account must also be taken of the lives that are lost in enforcement of the law. But perhaps the greatest economic loss arises from the fact that the criminal is engaged in destructive enterprises. If all the persons who devote their lives to crime were engaged in constructive occupations what would their contribution to the economic welfare of the country be worth? How much equipment, such as automobiles, firearms, etc., is devoted to destructive use?

These are a few of the questions the subcommittee can not ignore if it is to make an accurate estimate of the cost of crime. If all contributing factors are included in the estimate it will no doubt be enormous enough to impress the public with the need for rigorous law enforcement.

Mr. BLEASE. I offer the concurrent resolution which I send to the desk and ask unanimous consent for its immediate consideration. My idea in offering this resolution is to try to arrange this District so that not only can a man who is innocent and in jail get a prompt trial, but that we can bring a criminal to trial promptly.

The VICE PRESIDENT. The resolution will be read.

The concurrent resolution (S. Con. Res. 18) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Senate Judiciary Committee and the Committee on the Judiciary of the House of Representatives be, and they are hereby, requested and directed to hold joint meetings and hearings to consider the advisability and feasibility of dividing the District of Columbia into two or more judicial districts, each district to be provided with its own and separate grand jury, in order to thereby expedite, facilitate, and promote the speedy and effective administration of justice, and to report thereon to the Congress of the United States at the earliest practicable date.

Resolved further, That copies of this resolution be forthwith presented by the clerk of the Senate to the chairman of the Senate Judiciary Committee, and by the Clerk of the House of Representatives to the chairman of the Committee on the Judiciary of the House of Representatives.

Mr. JONES. Mr. President, I desire to suggest to the Senator from South Carolina that that is quite an important resolution; and I think it would be well to refer it to the Judiciary

Committee, which is the committee having jurisdiction of the subject matter.

Mr. BLEASE. Mr. President, the only objection to that course is that the resolution does not do anything except to ask these two committees to look into the matter and see if it is possible to divide the District of Columbia into what are called two or three judicial districts. If they think it can be done, and should be, I shall offer a bill to that effect. It will not cost anything. They already have the judges. The district attorney's force could be so divided as not to create any new positions. The only thing this resolution would do would be to create additional grand juries, in order that we may get true bills without having to wait two or three years before grand juries have an opportunity to reach a matter, and would save expenses in the criminal courts instead of increasing them by getting rid of cases earlier.

I do not think it would cost any extra money. The same courthouse would do, and the same six judges. A division of the district attorney's office would give them all the assistants they need in the prosecution of business; but this proposal would give us more grand juries, so that accused persons could be brought to trial earlier, and either convicted or acquitted. The States are divided into Federal judicial districts, some with less population than this District, so why not the District of Columbia? It is now too large and has too many people in it to confine it to one district. Then, remember that many come here from other places who commit crime, thus making greater the criminal business of the courts.

I know one instance of a man in jail down here from South Carolina, my own State. He has been in jail nearly four months. They do not know whether he is innocent or whether he is guilty, and I do not, either; but the man certainly is entitled to be tried, and I understand that it will be about two years before his case can be reached. If he is not guilty, he certainly should not be there. If he is guilty, this time ought to be going on his sentence.

Mr. JONES. Mr. President, I suggest to the Senator that it will hasten action upon the resolution if it should be acted upon by the Judiciary Committee of the Senate, which really has jurisdiction over matters of that kind. I suggest that to the Senator. Otherwise I should have to ask that it go over, and I do not wish to do that.

Mr. BLEASE. Mr. President, I shall not object to the course suggested by the Senator from Washington; but I certainly think this is a matter that should receive the serious consideration of Congress.

Mr. JONES. That is what I want.

I ask that the concurrent resolution go to the Judiciary Committee.

The VICE PRESIDENT. The concurrent resolution will be referred to the Committee on the Judiciary.

EXECUTIVE MESSAGE

A message in writing was communicated to the Senate from the President of the United States by Mr. Hess, one of his secretaries.

BRANCH BANKING

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD two articles by Mr. Charles W. Collins, former Deputy Comptroller of the Currency of the United States, one published in the Washington Herald of November 17, 1929, and the other in the Washington Herald of November 10, 1929, on the subject of branch banking.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Herald, November 17, 1929]

"McFADDEN ACT AMENDMENT WOULD WIDEN SCOPE OF BRANCH BANKING"—COLLINS

(This is the second of two articles by Mr. Collins on the banking situation in America to-day. In the first, he explained the origin and rapid growth of the branch-banking movement. He now outlines the need for powerfully organized financing groups, and their potential scope.)

By Charles Wallace Collins, former Deputy Comptroller of the United States Currency

Branch banking is already here. It is operated under three forms, namely, local branches, as in New York City, Boston, Philadelphia, Detroit, Cleveland, Los Angeles, and other large cities; branches extended from large city banks to the boundary lines of the State, as in California, Georgia, South Carolina, North Carolina, and a few other States; and the new form of branch banking under the control and direction of holding companies whereby large groups of banks are formed into a single system in which political boundary lines of all kinds are ignored.

It is this type of branch banking which is attracting nation-wide attention. In less than one year the bank-holding company movement has

spread over the entire United States. Judging by the rate of its progress within the last six months, it will take only about two more years before branch banking in the country districts as well as in the cities will be the usual and ordinary form of banking.

It should be recognized, however, that this movement toward the extension of branches would not take its present form of group banking were it not for the fact that the Federal laws prohibit the simpler form.

It is a case where the urge of economic forces has run counter to statutory enactment and a way has been found to accomplish indirectly what the law prohibits to be done directly. The law prohibits a certain procedure in setting up branches by banks, but bankers have found another procedure which the law does not prohibit.

Let us take a look at one of these holding company branch systems. Through the ordinary procedure of contract and sale the holding company acquires a majority of the stock of a number of banks, including that of a large city bank which becomes the central or parent bank of the group.

SEPARATE BANKS—EACH MUST HAVE ITS OWN DIRECTING FORCE

A central management is set up either in the holding company or in the central bank which undertakes to operate the entire group as a single system of banks. Banking policies originate with the central management and the officers and employees of the various banks become, in effect, officers and employees of the holding company. The moral support and the management skill of the central group is behind each unit of the group. So far the group system may be said to differ very little from the ordinary branch system.

On the other hand, each bank in the group is a separate banking corporation chartered under national or State law. It must have its own board of directors properly constituted and who must severally bear the responsibility placed by law upon bank directors.

Each bank must also maintain its separate overhead—its distinct set of books, its president, cashier, and other officers, and must operate under Government supervision, National or State, as the case may be, making its periodical reports of condition to the Government and submitting all of its affairs to the scrutiny of the bank examiners.

The holding companies are not banks and are not subject to the supervision and control of the governmental banking authorities. In case one of these group systems is composed largely of State banks and extends over the boundary lines of several States, it becomes impossible for any State government to know the condition of the group as a whole.

If all of the banks in the group were national banks, the Comptroller of the Currency could examine the entire group, regardless of the location of the banks, but even he could not supervise and examine the holding company.

From the standpoint, therefore, of the public interest this new form of branch banking needs to be brought under closer Government control. From the standpoint of management of the system for a profit there is even a greater urge for simplification both as to the method of establishing the branches and as to their operation.

Congress already has permitted national banks to establish branches within certain geographical limits; that is to say, within certain cities and within all foreign countries.

Suppose Congress now went further and permitted national banks to establish branches out in the country districts in a territory such as would be covered by one of these group systems of banks. What would be the result?

The answer seems to be clear that the country bank members of the group would be immediately converted into real branches of the central bank. The economy and efficiency of operation would be so great that no group could resist the opportunity thus offered.

OVERHEAD CUT—FIFTY BANKS COULD FUNCTION UNDER ONE BOARD

A group of 50 banks could thus eliminate 49 boards of directors, 49 independent banking establishments with all the red tape to which an independent bank must conform, and substitute therefor a single board of directors of the parent bank, who would be the only responsible body in the whole system.

Furthermore, the holding company itself would cease to have any reason to exist, and the stockholders of the holding company would become stockholders of the bank.

Instead of 50 different banks with 50 different capital structures and 50 different sets of limitations by law upon loans and other operations there would be just 1 bank doing business in 50 different localities, and at each locality the entire financial strength, prestige, and responsibility of the bank would be manifest. The bank could loan at any branch office an amount as great as it could loan at the head office.

When the American public appreciates the simple strength and safety of branch banking as a means of extending banking services from the cities to the rural districts, group banking will give away to branch banking.

A few days ago I happened to be in a town of about 3,000 population in one of the cotton States. There were two banks there, both of very small capital. A local business man, who handles transactions up to a

million dollars, said that he was doing business with 22 different banks, including 2 in New York and 1 in a large city about 200 miles away.

Think what it would mean to business enterprises of this character to have immediate access to unlimited resources of capital through a branch of a large city bank established in that town.

One of the arguments urged against branch banking was that it would stifle local industry by drawing away local capital for investment in other places. The illustration I have given above shows that the contrary would be the case.

There are in the United States to-day many local communities suffering from dry rot through lack of local capital and lack of business imagination to develop local resources. Would not a branch of a modern metropolitan bank in such a community be a missionary of progress?

There is another aspect of branch banking which must not be lost sight of. Commerce, industry, business, and trade are the very life of the American people.

In soil, climate, natural resources, and in business genius it can be said without boasting that we are the most favored nation in the world. In a country of such great physical magnitude it has become necessary to engage in large-scale operations and to develop men with the capacity to manage stupendous enterprises.

First we developed our local markets. For years our interest was centered upon production and manufacture for domestic consumption.

We have now, however, by reason of economic movements of the last few years, entered into the world markets upon an unprecedented scale. This flow of trade to the ends of the earth must be financed in a large way and we must be able to hold our own against the competition of great foreign banking institutions with their far-flung system of branches.

This is what Congress had in mind when it permitted national banks to establish branches in foreign countries. National banks, however, have not been in a position to avail themselves fully of this opportunity on account of restrictive legislation at home.

Before a national bank can enter upon a foreign branch program it must have strength and prestige in the United States. This can not be gained to a proper extent so long as each bank is confined in its operations to the borders of a single city.

OUT OF DATE—BANKING LAWS BLOCKING NEEDED EXPANSION

In other words, our banking laws are out of date when they maintain a system of 26,000 unit banks, nearly all of small capital structure, when our whole national ambition and destiny to play a strong if not a dominating part in the markets of the world calls for national banks of great capital structure with branches, in place of our thousands of country banks.

Going back, then, to the town of 3,000 population, whose two little banks can not accommodate the business enterprises which have grown up there, a branch of a large national bank would not only bring adequate resources to that community but would bring that community into direct contact with the world currents of finance and trade.

Branch banking in the United States would be just another step toward bringing the rural communities out of their isolation. It would add its contribution to that of the automobile road, the telephone, the radio, the electric lights, the electric refrigerator, and the city newspaper.

There are some who seem to fear that branch banking on a large scale in the United States would result in a concentration of banking capital of such large proportions as to be inimical to the public interest. They speak of one man or one group of men controlling two or three billions of banking capital and directing the policies of the investment of ten or fifteen billions of banking resources.

Since we will hear this view repeated many times in the near future, let us subject it to an analysis. It is a negative point of view. It offers no solution to the banking situation. The old system of complete decentralization of banking capital has certainly been a failure, especially in the rural districts.

The rank and file of the American people have been at the mercy of weakly capitalized unit banks, as has been the small business man.

Are 20,000 banks capitalized at \$25,000 each better for the agricultural population of the United States than 1,000 banks with an average capital of \$7,500,000 each?

Can we justify the tying up of \$1,500,000,000 in deposits in the agricultural districts through the failure of over 5,000 small banks within the last few years?

Under branch banking there will be some banks with capital funds of over a billion dollars. But we must distinguish between the employment in business of concentration of capital and the ownership of that capital. Branch banking will require centralization of management and the vast flow of trade of this great country will require the use of large capital funds. On the other hand, the ownership of this capital will have the widest possible dissemination.

There will be several hundred thousand stockholders of every branch bank system. In every local community where there is a branch there will be a number of stockholders doing what they can to help the branch succeed.

Banking capital is the most sensitive of all mechanisms of finance. What danger could there be to the public when the stock of the bank, no matter how large, is scattered over such a wide territory and ownership?

Public opinion alone would be a sufficient check on the management.

FUTURE MOVES—AMENDMENT WILL PERMIT BRANCH BANKING

Furthermore, public opinion is not powerless to assert itself. There is the possibility that Congress may exercise its inquisitorial powers. In addition, assuming that all such branch systems will be national banks, the Federal Government, through the Comptroller of the Currency, would maintain a constant supervision over all of the affairs of the bank through the national-bank examiners.

What is the prospect of branch-banking legislation in the near future? There are two favorable factors: First, the opposition which confronted the McFadden bill has disappeared, its leaders being to a considerable extent now engaged in branch banking; second, branch banking is already here on a most extensive scale.

The McFadden Bank Act was enacted into law for the purpose of permitting national banks to establish branches within certain limitations.

Branch banking was little understood at that time, and the overwhelming opinion of the small bankers was against it in almost any form. Such does not appear to be the situation to-day. Branch banking as now practiced in the United States has not proven the bugaboo it was pictured.

The next branch banking bill will not be a new bill but simply an amendment of the McFadden Act. On the original bill five years ago the discussion was largely theoretical on both sides, and in many cases reason was swayed by sentiment and tradition.

We are now confronted with a practical condition. Before the new amendment will pass Congress, branch banking will be present in full force in every State in the United States, but it will be the holding company form of branch banking.

It will be the kind of branch banking that nobody wants to perpetuate indefinitely, but it will be the general opinion that it is better than the old system of country banking which is displaced. If I am correct in this surmise, it should be fairly easy for Congress within the next two years to permit these holding companies to disappear and let the group of banks be converted into a straight-out branch system of the largest bank in the group.

[From the Washington Herald of November 10, 1929]

"THE ENORMOUS RISE OF BRANCH BANKING"—"ONE-FOURTH OF OUR BANK RESOURCES NOW ENGAGED IN THIS TYPE OF FINANCE"—"NO LESS THAN \$18,000,000,000 ALREADY EMPLOYED, AND THIS VAST SUM LIKELY TO BE GREATLY INCREASED WITHIN COMPARATIVELY SHORT TIME," SAYS NOTED FISCAL EXPERT

By Charles Wallace Collins, former Deputy Comptroller of the United States Currency

When the investment trust movement began in this country a few years ago there were many skeptics in high places who predicted that it was a fad and would not become an established financial institution in the United States.

It was not long, however, before it was generally admitted that the investment trust was here to stay. The leading investment trusts are now in strong and able hands and manage investments of many hundreds of millions of dollars.

Official figures were presented at the recent meeting of the American Bankers' Association in San Francisco, showing that 20 per cent of all banks in the United States and 20 per cent of all the banking resources had come under the control of this branch-banking movement. These figures, however, were compiled from information obtained several months before the convention met.

TO-DAY'S TREND—MOVE IS TOWARD CENTRAL OWNERSHIP

At the present time it may be stated safely that one-fourth of all of the banks in the United States—with total resources about \$18,000,000,000—have now passed over into branch banking, largely through holding company operations.

The investment-trust movement grew up in the United States without special laws permitting or regulating it, and the movement as a whole may be taken as an example of how the common sense of the American business man is able to meet changing economic conditions without waiting for the lawmakers to act.

In the field of banking a movement is now going on in the direction of central ownership and management which is spreading with the same rapidity and in the same manner as the investment-trust movement.

Our system of rural banking has proven inadequate to meet the needs of our vast population outside of the large cities. The Comptroller of the Currency, in his address before the convention, said between 5,000 and 6,000 banks in the rural communities had closed their doors since 1921 and they tied up deposits of more than \$1,500,000,000.

In some States more than one-half of the country banks in existence in 1920 had failed.

He also gave figures which indicated that more than one-third of all the banks in the United States are earning less than 5 per cent on their invested capital.

He attributed this condition to a single fundamental source—and one that can not be remedied by the local bank—namely, that the country bank, as a rule, can not have a diversified business.

In other words, that it is subject to the ups and downs of the market for the principal product of the community—whether it be wheat, corn, cotton, rice, cattle, lumber, or the like.

These utterances, coming from the highest authority in the banking world, are full of deep meaning because they clearly portray the opinion of one who has access to inside information and who would not make a public utterance without the most careful deliberation.

CURES TRIED—MOST REMEDIES HAVE MET SMALL SUCCESS

Various remedies have been proposed and some tried—such as State guaranty of bank deposits—but without favorable results. It is only within the last two years that banking opinion has begun to drift definitely in the direction of some form of branch banking for the rural communities as a means of giving an adequate banking service with safety to depositors and shareholders.

Since the national law prohibits the direct establishment of branches by national banks and by State banks in the Federal reserve system (except within the confines of the city of the bank), some other form of branch banking had to be devised to meet the situation.

The new movement toward branch banking has come to be known as group banking. Its mechanism is rather simple. It is not based upon any act of the banks themselves, but rather upon the right of a shareholder of the bank to sell his stock and the right of a corporation to buy it.

Not all groups are organized in exactly the same manner, but the general plan is the same. A financial group centering in a large city bank acquires the majority of the stock of a number of outlying country banks.

WELCOME—PUBLIC CORDIAL TO NEW GROUP SYSTEM

The banks in the group retain their independent local status as banking corporations, but as a matter of practical administration these country banks are brought into direct contact with the management of the central city bank and thus gain an increase in public confidence through being a member of a strong financial group.

The transition is that from a correspondent bank of a large city bank to that of a subsidiary. The group gains its true meaning and its real benefit to the country districts when each country bank in the group is managed and supported by the central bank in so far as this can be done with the group mechanism. The customer of one of these outlying banks naturally feels that he is doing business with a branch system.

The experience of these groups already has been that the public is glad to have this new type of banking service with its assurance of greater strength and stability than the old isolated country unit bank.

The establishment of groups has been followed by increases in deposits and by a general rejuvenation of the local bank.

This simply shows that the average man would prefer to do business with a strong bank and that he is not interested in perpetuating the tradition of unit banking for its own sake. What he wants is an institution with financial responsibility to protect his interests and to give to him the best type of banking service that can be had.

This movement is fundamentally economic and not political. The simplicity of the procedure in building up a group gives wide latitude to the size and the complexion of the group as a whole.

A holding company is formed with a large authorized capital stock. This company deals directly with the shareholders of the bank whose control it seeks. It may offer him cash for his stock. This procedure, of course, leaves uninvested cash funds in the hands of the seller.

That is one way of acquiring control of a bank. Another method, however, has come into vogue which offers a more attractive investment to the bank shareholder. Instead of taking cash for his stock he exchanges his bank stock for shares of the holding company agreed upon.

The local bank shareholder by this act spreads his investment over the entire group of banks instead of an investment in a single institution.

Under this plan it does not require a considerable amount of cash funds for the holding company to bring together a group of banks under centralized management and control.

It is necessary only to center the group around an institution in whose strength and management the public has full confidence.

Entry into the group of other banks through the individual action of the owners of a majority of their shares in exchanging bank stock for holding company stock becomes in the nature of a cooperative movement. Through the group it is possible to gain that which no single country bank member of the group can acquire alone; that is, a general diversity of banking business.

It is a tribute to the creative genius of the American people that they are able spontaneously and without seeking outside leadership to avail themselves of an economic opportunity. The movement toward group

banking is just another evidence of the ability of the rank and file of our business men to meet a difficult economic situation.

Our system of country banking with its isolated units had ceased to function effectively. Standing alone, all units were doomed to mediocrity or failure. The economic solution was clearly in the direction of greater combinations of banking capital under a policy of centralized management.

When we consider the vast geographical expanse of the United States with its 26,000 banks holding nearly \$75,000,000,000 of banking resources—we are confronted with a new movement in banking of tremendous potential strength. Yet this movement did not have its origin in Wall Street.

The first definite group of banks, formed over a year ago, centered in Ogden, Utah.

The sponsors of this particular group were not conscious of the fact that they were pioneering in what now appears to be a great branch banking movement. They simply took hold of a local situation and through the use of local capital and local enterprise established a group system of banks extending over the boundary lines of two other States. Similarly, the two prominent groups now operating from Minneapolis were formed.

At the present writing nearly every possible economic zone in the United States has a local group in operation or in process of formation.

It is natural and wholesome that this movement toward branch banking should come about under the leadership of local business men in various parts of the country.

The time will undoubtedly come when there will be an amalgamation of various local groups into larger regional groups, but in any case the central management naturally will retain local leaders who understand local conditions and local needs. This is simply good business doctrine.

How far has group banking already developed in the United States? Those who witnessed the rapid rise of the investment trust movement during the last three years will not be surprised to know that already about one-fourth of the banks in the United States have passed out of the unit bank class, taking with them over into group or branch banking about one-fourth of the banking resources of the country.

The group banking movement is hardly a year old, and yet at the recent bankers' convention it was almost the sole topic of conversation.

It seems to me a safe prediction that within the next 12 months unit banking will have been practically displaced by group banking.

What are the advantages of group banking?

The depositor has the assurance that the strength of the group will prevent a loss of his deposits through failure. The investor has the assurance of an up-to-date investment service supported by the central bank. For the borrower the group is strong enough to meet the demands for loans of any size.

From the standpoint of the community, local industry is not limited to the small resources of a local bank for the promotion of enterprises, but can draw upon the larger resources of the group as a whole; the local group member is, in effect, a branch of the central bank through which the community gains a direct contact with funds available for all business purposes.

From the standpoint of the stockholder of the holding company, there is the advantage of having not merely a local investment but a share in the activities of the entire group.

Whatever efficiencies, whatever economies, whatever improvements in business methods and the development of new lines of business that may be accomplished by the central management, all of these things will inure to the advantage of the stockholder.

As has been pointed out, the fundamental weakness of local or unit banking in the country districts lies in the lack of diversity of the banking business. Group banking as a remedy for this situation should spread over a sufficient geographical territory and should tap a sufficient variety of business and industrial enterprises to give the proper diversity to the group.

It is, of course, impossible to form a group of banks situated wholly in the wheat territory. Such a group is not economically sound, because it is subject in a larger way to the same restrictions as a local bank so situated.

There is, however, such a great diversity of business operations in the United States that it is possible for a large number of groups to be formed, the individual members of which can bring to the group as a whole loans and discounts on many different types of commercial transactions.

There are some who look with considerable skepticism upon this rapid growth of group banking. Their natural conservatism leads them to speculate upon the possible dangers of this new movement. But we must consider the fundamental common sense of the American people, and especially the force of the best banking opinion as a strong controlling force.

The financiers who are engaged in this movement are predominantly seasoned business men who seek business success. They know better than anybody else that the success of the group banking movement depends upon an improvement in banking services and in bank earnings.

Like the investment trust movement, group banking in the last analysis must justify itself as a business instrumentality.

LAWS TO COME—ACTION BY CONGRESS TO FOLLOW TRANSITION

The prevailing opinion, however, is that group banking is a temporary, complicated form of branch banking which will give way in the near future to direct and simplified branch banking. It will be much easier to make the transition from group banking to branch banking proper than from the old system of unit banking to branch banking proper.

After the country almost spontaneously goes in for group banking with the approval of the various local communities, it is to be expected that Congress will pass the necessary laws permitting the system of branch banking thus set up to be strengthened and simplified in the public interest. In my next article I will discuss the prospect of this national legislation.

NATIONAL PRESS BUILDING—ADDRESS BY REPRESENTATIVE LOUIS LUDLOW, OF INDIANA

Mr. FESS. Mr. President, on the 14th of November a tablet was unveiled marking the National Press Building in Washington, D. C., on which occasion a very short but rather literary address was delivered by a Member of the House, Representative LOUIS LUDLOW, of Indiana. I ask unanimous consent that his address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE PRESS AND WHAT IT SYMBOLIZES

I am very grateful for the invitation to say a few words on this occasion. I was mothered in the arms of the press, and after a few years—perhaps a very few years—of wandering on Capitol Hill I expect to return to her loving embrace. I know that when I come back she will eschew the paddle and will kiss me on the erring cheek, and I am happy in the contemplation of an affectionate reunion.

We are assembled to-day to erect a tablet at the place which is rightfully entitled to be designated as the home of the press, located at the very apex of the traditional Newspaper Row, which is almost as old and honored as the Nation itself; housed in a building that is a perfect architectural cameo, with a setting of incomparable historical richness; across the river from the home of Robert E. Lee, the hero of the Southland, where sleep the countless heroic dead; only four squares from the place where Abraham Lincoln left the portals of earth and became, next to Christ, the greatest triumph of the ages; and only seven squares from the spot where the telegraph, the willing handmaiden of the press and the greatest bearer of intelligence, was born and where the first telegraph message in the history of the world was flashed across the wires.

Time will not now permit a review of the development of newspapers from the Acta Diurna of the Romans to the extensive news organization and multiple presses that are to-day among the marvels of human achievement, but it is meet and proper that for the time being we should forget the mechanics of our calling and for a brief moment philosophize on those things that come to mind by virtue of our present surroundings and the inspiration of this occasion.

This home of the press is the largest nongovernmental building in our National Capital, and so what it symbolizes—the power of the press—is, outside of the Government, the most potent institution in America devoted to the rights of man. Without the press, government itself in our Republic would be unstable and insecure.

If the press were taken away, how gloomy would be this world of ours! How dark and devious would be the deeds committed! How instantaneously would oppression begin to do its deadly work! Liberty would be murdered. Respect for law would give way to unbridled license. The common man would soon find himself bound by the thongs of tyrants to the chariot wheels of oppression.

Whether we realize it or not, a free, untrammelled, and courageous press is the hope of the world. Before its white light tyrants skulk and dodge and slink away into innocuous oblivion. It paralyzes the arm that would wrong humanity. It makes politicians walk in the straight and narrow path.

Experience of 37 years as a newspaper man has convinced me that the security of the Nation is not in the officeholders who make its laws and administer its affairs, but in the press which keeps watch over the officeholders. Who of us has not witnessed, times without number, the beneficent influence of the press in the local affairs of our States and communities? When officeholders soil the record with black blotches of infamy, it is usually the press that arouses the forces of reform to wipe out the blots. When excesses are threatened by the criminal elements of the underworld or by faithless public servants, it is usually the press that holds them in leash. And so it is in the broader scope of national affairs.

When special privilege stalks in Washington and reaches out to grasp the fruits of honest toil through privileged enactments and executive favors it is the press of the Nation that stays the hand of cupidity and presently, unless I am much mistaken, it will be the press that will roll back the swell of centralization which threatens to engulf local self-

government and submerge completely the vanishing rights of the States. It is not alone to-day or to-morrow, this year or that year, this decade or that decade, the press is on duty; but behind the shadows it stands forever, like a mighty sentinel keeping watch above its own and saying to the forces of greed and oppression:

"Thus far shalt thou go and no farther."

And so I say—and I firmly believe—that if it were possible for us to envision the far-distant future, we would see that in the broad sweep of years the greatest security for the rights of man is to be found, not at Sixteenth Street and Pennsylvania Avenue, as majestic as is the Presidency of our Republic, nor in the vaulted chambers at the other end of the Avenue where our legislators sit, nor yet in the Supreme Court where black-robed justices battle to preserve the Nation's conscience; but rather it will be found in the great influence typified by this building at Fourteenth and F Streets, the home of the press. Let us hope that throughout the ages to come he who runs may read in this tablet which we are erecting to-day a symbol of watchful guardianship over the liberties of the people. May this building stand here forever to symbolize the mighty power that throughout the ages to come is destined to protect the cherished guaranties for which our forefathers pledged their lives, their fortunes, and their sacred honor.

WILLIAM A. GILLESPIE, PRACTITIONER BEFORE TREASURY DEPARTMENT

MR. TYDINGS. Mr. President, I ask to have printed in the RECORD a letter from Owen F. Mullen, acting secretary of the committee on enrollment and disbarment, Treasury Department, stating that William A. Gillespie has been restored to good standing as a practitioner before the Treasury Department and that the case is closed, and also the opinion of Governor Ritchie in declining to revoke Mr. Gillespie's license as a certified public accountant.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, November 16, 1929.

Hon M. E. TYDINGS,

United States Senate.

MY DEAR SENATOR: Receipt is acknowledged of your letter of November 12, 1929, addressed to Mr. W. G. Platt, the secretary of the committee on enrollment and disbarment of the Treasury Department, inquiring as to whether Mr. William A. Gillespie, of Baltimore, Md., has been reinstated to practice before the Treasury Department.

In reply you are advised that on September 8, 1923, Mr. William A. Gillespie was temporarily suspended from practice before the Treasury Department; that thereafter the committee on enrollment and disbarment of the Treasury Department examined and considered the charges against Mr. Gillespie, and on June 5, 1925, recommended to the Secretary of the Treasury that Mr. Gillespie be restored to good standing as a practitioner before the Treasury Department and that the case be closed; and that on June 10, 1925, the Secretary of the Treasury approved the recommendation of the committee and ordered that Mr. Gillespie be restored to good standing as a practitioner before the Treasury Department and that the case be closed.

You are further advised that Mr. Gillespie is now in good standing as a practitioner before the Treasury Department.

Very truly yours,

OWEN F. MULLEN,

Acting Secretary, Committee on Enrollment and Disbarment.

GOVERNOR RITCHIE'S OPINION IN DECLINING TO REVOKE WILLIAM A. GILLESPIE'S LICENSE AS A CERTIFIED PUBLIC ACCOUNTANT, APRIL 27, 1926

The circumstances of this case are very unusual. While the law authorizes me to revoke Gillespie's license "for sufficient cause," yet I do not think that it means that I am to pass upon the question whether he is or is not a good accountant, and while Mr. Charles O. Hall, president of the Maryland Association of Certified Public Accountants, says that he thinks this case should be decided without regard to the criminal case, yet it is not possible for me to put that case out of consideration. That is really what lead to this application, and all I can do is decide what seems to me just and fair under all the circumstances.

I have always had some doubt about Gillespie's guilt, as to whether he ought to have been convicted. I have never quite been able to see any reason or incentive for his making a false and fraudulent audit. He was an employee only, and only received an accountant's compensation. Mr. Hall himself does not think that there was any understanding between Newton and Gillespie as to what Gillespie's findings were to be, or that he should report the company as solvent whether it was or not. Mr. Hall thinks that Gillespie was simply employed to make an audit, and his motive for making a false or fraudulent one has never been clear to me.

I can not help but remember the public clamor that was going on at the time, and, to my mind, the charges against Gillespie mostly

involved accounting methods about which people differ and could honestly differ, an interpretation of the contract and auditing questions, which, by no means, necessarily involve a criminal intent.

When the case came up before me, however, I did not feel that I had any right to disregard the verdict of the jury which tried it. I did not feel that I could pardon Gillespie before he had served any part of his sentence. In acting on pardon and parole cases, the governor is not exactly a reviewing court, and because I may feel that had I been on the jury myself I might not have given the verdict which the jury gave, is not necessarily a good reason for me to set aside the verdict and the sentence. I think the governor's proper course in pardon and parole cases is to do nothing until the sentence has at least begun, and not to consider executive clemency until after that when the time and circumstances justify it.

As stated, I have always had doubt myself as to whether Gillespie should have been convicted. That doubt was shared by a great many people who were familiar with the case. Many of them keenly interested in putting an end to these blind pools. I talked with a great many of them when the question of a reprieve came up and later when the question of a pardon came up. I do not think I ever talked to anybody who did not feel that there was grave doubt as to whether Gillespie ought to have been convicted. Of course, their knowledge was not the knowledge of the jury which heard the testimony, and while I did not feel that their doubt or my doubt justified me in practically setting aside the verdict, yet I do think that I am fully entitled to take these facts into consideration in passing on the present application.

In granting Newton a new trial, and in refusing to grant Gillespie one, the court of appeals commented upon the unfortunate necessity for doing this, and suggested that the situation was a proper one for the governor to remedy. My subsequent conversation on the subject with Chief Judge Bond was, of course, informal, but from what he said it was clear to me that the judges of the court of appeals would not have thought it at all improper for me to pardon Gillespie outright. The situation was that Newton, the real offender, was going to get a new trial at which he might be acquitted, and Gillespie, the employee, was not going to get another chance so that his sentence had to stand. After talking with Judge Bond, my distinct feeling was that because of the circumstance, and indeed on the merits of the case itself, the judges would not have thought that I would be making a mistake had I granted Gillespie a pardon.

As I have said, however, I did not feel that proper regard and respect for the trial court and the jury justified me in doing that. What I did was reduce Gillespie's sentence from one year to three months in order to conform to the reduced sentence which Newton got as a result of his second trial. Had Gillespie had another chance, as Newton had, it is not at all inconceivable that he might have gotten off altogether or that he might have received an even shorter sentence than my commutation. Accordingly, when he had served all but about one week of his three months, I felt that he had been sufficiently punished and that he was entitled to a pardon.

I am taking into account also the division in the association of certified public accountants on the subject of this application. When the association first filed its charges before me there was a decided division among the members, and later they requested me not to proceed with the case at all until they had had the opportunity at a later meeting to reconsider. At that later meeting a majority of those present decided to push the charges, but a very considerable minority voted to have them dropped. Gillespie himself did nothing to prevent the matter coming up before me.

I think this is very significant. Here is an association interested in the ethics of its profession, and when one of its members had been convicted of making a false audit you would ordinarily expect that the body would all be for putting him out of the profession. Instead of that we find the association divided, and so much divided that they ask for further time to reconsider.

Under all the circumstances, I feel that Gillespie has been sufficiently punished for a matter in which I have always personally felt a doubt as to his criminal intent and guilt, and that I would not be justified in following up the punishment and disgrace he has already undergone by now taking away from him his only means of livelihood in the future. I may add that a great many of his former customers still have sufficient confidence in his integrity as to keep on employing him.

I will, accordingly, dismiss the petition for the revocation of Gillespie's license and decline to revoke same.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

MR. SMOOT. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it shall take a recess until 10 o'clock to-morrow morning.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Will the Senator from Utah indicate what amendment he desires to have considered now?

Mr. BORAH. Mr. President, I wish to ask the chairman of the committee in charge of the bill if he will not permit the sugar schedule to go over for the present and let us take up some other schedule of the bill? Some of us are not prepared to go ahead with the sugar schedule at this time. I am satisfied we shall make progress if we can take up some other schedule and recur to the sugar schedule later.

Mr. SMOOT. Has the Senator any idea as to when he will be prepared to go on with the sugar schedule?

Mr. BORAH. I do not know, but not for a day or two, anyway.

Mr. SMOOT. Mr. President, at the request of the Senator from Idaho, I am willing that the sugar schedule shall go over to-day.

Mr. DILL. Mr. President, let us have some understanding about when we are going to take up the schedule on sugar. We agreed to take it up this morning. Now let us have an understanding with regard to the matter, so that it may not be put off again. I think we ought to know definitely when it is to be considered. We came here this morning expecting to take it up, as we fully agreed on Saturday that it would be taken up to-day. If it is to go over again, let us have a unanimous-consent agreement when it will be taken up.

Mr. BORAH. Mr. President, I can not enter into a unanimous-consent agreement at this time when we shall be ready to take it up, but I am willing to take it up just as soon as we can possibly be prepared to take it up. I think we shall make progress in that way.

Mr. BROUSSARD. Mr. President—

Mr. SMOOT. Let me ask the Senator from Washington to allow the sugar schedule to go over to-day. I make that request because of the fact that I have been told not only by the Senator from Idaho but by other Senators that by doing that we shall hasten the consideration of the bill, because they are not prepared to go on with the schedule at this particular time. I hope the Senator will not object, and I also hope the Senator from Louisiana will not object to that course.

Mr. BROUSSARD. Mr. President, the tobacco schedule I consider as one having relation to an agricultural product. We can take that up, but I am very much opposed to going into other industrial schedules and disposing of them before considering the sugar schedule. I think sugar is an agricultural product just as much as wheat or milk or any other commodity of that kind. I should like to have an early date fixed when the sugar schedule shall be taken up. I do not wish to interfere with the convenience of any Senator in the matter, but I have been waiting here for about 10 days for the sugar schedule to be considered; I have been prepared and I should like to have it disposed of as early as possible.

Mr. SMOOT. Let us agree that it may go over to-day and take up the tobacco schedule, and in the meantime we can ascertain when we may go ahead with the sugar schedule.

Mr. BROUSSARD. That course is agreeable to me, but I should like to have an understanding as to when it will be considered.

The VICE PRESIDENT. Is there objection to temporarily passing over the sugar schedule?

Mr. DILL. Mr. President, I am not going to consent unless there is some understanding. If it is desired to make a motion to postpone the consideration of the sugar schedule, very well; but I object to the continual passing over of schedules. We are told that the sugar schedule will take considerable time; that it is going to take a week. I know certain Senators are ready to go ahead and speak to-day and to-morrow on it. Other Senators can get ready in the meantime and be prepared to speak on the subject.

What I am objecting to is continually putting over schedules. As I have said, it was understood that the sugar schedule would be taken up this morning, but in this, as in other cases, some Senator rises and says we want to put it over. The tariff bill will never be settled on that basis.

Mr. SMOOT. Mr. President, I asked the Senator to let the sugar schedule go over to-day, and I will see if we can not agree upon a time when it may be taken up, certain Senators being then prepared to go ahead with it. I do not want to take advantage of anybody, and I know the Senator from Idaho does not.

Mr. BORAH. Mr. President, I am perfectly willing, as soon as we can have a conference and come to a conclusion as to when we can take it up, to agree to a specific time, but I say to the Senator from Washington I am unable to do so at the moment.

Mr. DILL. There is only one more schedule before the remaining industrial schedules, and that is the tobacco schedule. It is not going to take very long, so far as I can learn. I do not think it is fair that all the other schedules should be acted upon and the sugar schedule should be postponed. I do not think that Senators ought to ask that that be done. There ought to be some fair play in this matter.

Mr. SMOOT. Let us see what we can agree upon later in the day.

The VICE PRESIDENT. Is there objection to the request that the sugar schedule be passed over temporarily? The Chair hears none, and it is so ordered. The first amendment in the tobacco schedule will be reported by the clerk.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. COPELAND. Does the rule still prevail that no individual amendments may be presented until after all the schedules shall have been completed?

The VICE PRESIDENT. That is the rule under the unanimous-consent agreement. The first amendment in the tobacco schedule will be stated.

The CHIEF CLERK. On page 123, line 1, after the numeral "6," it is proposed to insert the words "Tobacco and manufactures of," so as to read:

Schedule 6. Tobacco and manufactures of.

Mr. COPELAND. Mr. President, do I understand that the amendment on page 123 is now before the Senate?

The VICE PRESIDENT. The first amendment is to the title. Without objection, the amendment to the title will be agreed to. The clerk will state the next amendment.

The CHIEF CLERK. On page 123, line 3, after line 2, the committee proposes to strike out:

PAR. 601. Wrapper tobacco, and filler tobacco when mixed or packed with more than 35 per cent of wrapper tobacco, and all leaf tobacco the product of two or more countries or dependencies when mixed or packed together, if unstemmed, \$2.50 per pound; if stemmed, \$3.15 per pound; filler tobacco not specially provided for, if unstemmed, 35 cents per pound; if stemmed, 50 cents per pound.

And to insert:

PAR. 601. (a) Leaf tobacco consisting of wrapper tobacco not mixed or packed with filler tobacco or of filler tobacco mixed or packed with more than 35 per cent of wrapper tobacco, and all leaf tobacco the product of two or more countries when mixed or packed together, if unstemmed, \$2.10 per pound; if stemmed, \$2.75 per pound.

The VICE PRESIDENT. Will the Senator from Utah give his attention for a moment? Does the committee intend subdivision (a) of section 601 to be considered as a separate amendment, or do all the subdivisions of the paragraph constitute one amendment?

Mr. SMOOT. It is virtually one amendment.

The VICE PRESIDENT. To strike out and insert?

Mr. SMOOT. To strike out and insert.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. The Senator from New York has the floor. Does he yield to the Senator from North Carolina?

Mr. SIMMONS. I desire to make a parliamentary inquiry.

Mr. COPELAND. I yield for that purpose.

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. SIMMONS. Mr. President, it may be expedient to subdivide this amendment; and I assume that the Senator from Utah would have no objection to subdividing it, so as to enable us to vote separately upon paragraphs 601 (a), 601 (b), and so forth.

Mr. SMOOT. I have no objection to separating the amendment. That could be done by an amendment, anyway.

The VICE PRESIDENT. The amendment is susceptible of division, and that will be done.

Mr. COPELAND. Mr. President, I understand that this amendment provides for an increase over the present rate on wrapper tobacco. May I ask the Senator from Utah whether I am correct in that? I am speaking now particularly of wrapper tobacco, which has to do, I believe, with the 5-cent cigar; and at one time there was in the Senate an illustrious man who said that what this country needed was a good 5-cent cigar.

Mr. SMOOT. I will say to the Senator that, so far as wrapper tobacco is concerned, the Senate committee amendment has returned to the existing law, excepting as to the mixed bale mentioned here; but the House increased that, and it did affect the 5-cent cigar. It was for that purpose that the wrapper-

tobacco rate of the existing law was put in the Senate committee amendment.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Florida?

Mr. COPELAND. I do.

Mr. FLETCHER. The amendment has not been stated yet. Why interrupt while we are in the midst of stating the amendment? Why not go on and finish stating what the amendment is?

The VICE PRESIDENT. The Chair will state that the amendment has been stated. The Senator from North Carolina asked that it be divided, and that separate votes be taken on each subdivision of the paragraph.

Mr. FLETCHER. I did not understand that. If the amendment has been stated, of course the Senator from New York is in order.

Mr. COPELAND. Mr. President, I venture to say that if we are going back in this amendment to the law of 1922, I am out of court.

Mr. SMOOT. Mr. President, let me call the Senator's attention to the fact that in the House bill, on line 7, the Senator will notice, if he will get the bill, that the House made the rate \$2.50 a pound if unstemmed, and \$3.15 a pound if stemmed. On line 15, in the amendment of the Senate committee, the Senator will find that the rate on unstemmed tobacco is \$2.10 per pound and if stemmed \$2.75 per pound. That is existing law. The Finance Committee decided to reduce the House rates for the very purpose the Senator from New York suggested in his remarks as to the 5-cent cigar.

Mr. SIMMONS. Mr. President, I should like to say to the Senator that I am heartily in favor of a reduction but I disagree with the increases made in the Senate amendments. These increases will undoubtedly put off the market the 5-cent cigar. I especially disagree with the provisions embraced in subparagraph (b). With that eliminated, I should consent to the Senate amendment; but I understand that the Senator from Florida [Mr. FLETCHER] would not consent, because he wishes the higher rate carried in the House bill.

Mr. SMOOT. But, if I may judge from the amendment which the Senator from Florida has had printed, and of which I now have a copy in my hand, he desires, on page 123, line 19, dealing with the rate on certain mixed bales of tobacco, in the matter proposed to be inserted by the committee amendment, to strike out "87½" and insert in lieu thereof "40" cents per pound.

Mr. COPELAND. That is in subdivision (b)?

Mr. SMOOT. That is in subdivision (b). The equivalent rate of the present law for the stemmed tobacco is 58 cents and for the unstemmed 79 cents.

Mr. FLETCHER. I think that is wrong.

Mr. SIMMONS. The present rate on unstemmed tobacco is 35 cents per pound and on stemmed tobacco 50 cents per pound.

Mr. SMOOT. In the case of the mixed bale the Senator is asking a reduction from existing law.

Mr. SIMMONS. No; if the Senator will pardon me, the rate on the present mixed bale, if it is more than 35 per cent wrapper tobacco, is \$2.10 if unstemmed and \$2.75 if stemmed.

Mr. SMOOT. But in subdivision (a) we are giving the existing law.

Mr. SIMMONS. No; the existing law, then, has a special provision as follows:

Filler tobacco not specifically provided for, if unstemmed, 35 cents per pound; if stemmed, 50 cents per pound.

It says nothing about mixed bales.

Mr. FLETCHER. The present law does not deal with mixed bales at all. This is a new paragraph.

Mr. SIMMONS. Yes; it deals with mixed bales, provided there is more than 35 per cent of wrapper; but if there is less than 35 per cent of wrapper, it does not deal with mixed bales at all.

Mr. SMOOT. That is true, Mr. President. I was going to make a statement on that point. I had reference to the amendment proposed by the Senator from Florida [Mr. FLETCHER]. What he desires to do is to strike out "87½" and insert in lieu thereof "40." This is the rate per pound.

Mr. SIMMONS. I know it is the rate per pound; and that is the very material that is covered by the House bill and made dutiable at 35 cents per pound. I am entirely content with the House provision.

Mr. SMOOT. If the Senator will look on line 19 he will see the language "if unstemmed, 87½ cents per pound."

Mr. SIMMONS. Exactly; but that is an increase over the House rate of 150 per cent.

Mr. GEORGE. Mr. President, I would like to request the Senator from Utah to speak just a little louder. I am very much interested in this schedule, and I want to know what is said about it.

Mr. FLETCHER. Mr. President, the Senator from Utah has alluded to the amendment I propose to introduce, and in order to get a concrete proposition before us, I offer it now, and then we can discuss it.

The PRESIDING OFFICER (Mr. CUTTING in the chair). The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 123, line 19, in the matter proposed to be inserted by the Finance Committee, strike out the numerals "87½" and insert in lieu thereof "40."

Mr. FLETCHER. Mr. President, I think if we change the rate to 40 cents a pound we will put the Havana-wrapper importers on practically the same basis they occupy to-day. It will mean that they will pay the same duty on Havana wrappers they are paying to-day, because the Havana wrapper comes in mixed bales. The Sumatra wrapper, with which our friends are concerned particularly, never comes in mixed bales at all. The rate of duty paid on that wrapper is one thing, the rate of duty paid on the Havana wrapper—that is, the one with which we are particularly concerned as far as manufacturers in Florida and elsewhere are concerned—is another thing.

All manufacturers of clear Havana cigars are concerned with the Havana wrapper. There is no way of separating in the law the wrapper imported from Cuba and the wrapper imported from Sumatra, but in describing it, as the bill does describe it, the Havana wrapper comes under subdivision (b), relating to mixed bales, and the Sumatra wrapper comes under another subdivision.

Without using the term "Havana" or "Sumatra," that is the effect of this provision. The Havana wrapper comes in mixed bales, and if we make the rate paid on the mixed bales 40 cents a pound, we will require them to pay just about what they are paying under the present law. That would be fair, and there would be no objection to it. If we make it more than that, then we increase the duty to be paid on Havana wrappers.

Mr. SIMMONS. Mr. President, I think the Senator is mistaken. The Havana wrapper very rarely constitutes over 5 per cent of the package, the balance being chiefly fillers and binders. That is shown by our purchases from Cuba. Ninety-eight per cent of our imports of cigar fillers come from Cuba. We buy only about 5 per cent of our wrapper tobacco from Cuba. The balance of it is purchased from Java and Sumatra, and from some other small countries. So that as we get only 5 per cent of our wrappers and practically all of our cigar fillers from Cuba, the Cuban tobacco will average per package about in that proportion, 95 per cent filler to 5 per cent of wrapper.

The Senator is simply proposing to increase the rate of duty upon the filler tobacco that comes in from Cuba, because if we add 5 per cent to that, because there is 5 per cent of Cuban wrappers mixed in, that addition takes effect upon the other 95 per cent, the filler, and the Senator is just raising the rate.

The filler tobacco that comes in from these various other countries is negligible in quantity as compared with the filler tobacco domestically produced, and instead of coming in competition with the filler tobacco domestically produced it is merely supplementary, and supplementary in the most advantageous way. It adds a flavor and aroma that we can not get from our domestic tobacco, and it thereby increases the sales of the American cigar and cigarette not only in the markets of this country but in the markets of the world. I think the Senator is mistaken about the effect.

Mr. COPELAND. Mr. President, I find that the cigar manufacturers of the State of New York and the Tobacco Board of Trade of New York are in bitter opposition to the bill as it came from the House, but, more than that, they appear to be dissatisfied with the rates fixed in the amendment.

Mr. SIMMONS. Do they want them lower?

Mr. COPELAND. They want them lower.

Mr. SIMMONS. The Senate committee rates are lower than the House rates.

Mr. COPELAND. Even so, they are opposed to them. For instance, here is a letter from Mr. E. Rosenwald, and a number of other New York dealers and packers of large quantities of domestic tobacco, as well as importers of tobacco, and they say that this rate on wrapper tobacco should be reduced to \$1.85 per pound.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, there is nothing more absurd in the pending bill than this high rate upon wrapper tobacco.

Mr. COPELAND. The Senator thinks it should be lower?

Mr. SIMMONS. I think it should be lower. Clearly it should be lower, and I will give the Senator very briefly the reasons why it should be lower.

The bulk of our wrapper tobacco, as I said a little while ago, comes from Sumatra and Java, some comes from Cuba. The duty upon that wrapper tobacco under the present law is \$2.10, unstemmed. The duty is higher if the tobacco is stemmed.

The price of that tobacco in Java and in Sumatra is about \$2.20 a pound. When we add the duty to it of about \$2.10 in round figures, we have about \$4.30 a pound. I could give the exact figures by referring to my papers, but I will not take the time to do that. That is the price we have to pay for this foreign wrapper. It does not make any difference where we buy it, we have to pay that. In Cuba it is the same. The duty is less in the case of Cuba, for there is a 20 per cent reduction as to imports from that country. But speaking generally, the duty added to the price of this wrapper tobacco raises the price upon the American market to the sum of from around \$4 per pound.

The average farm price of wrappers of the highest quality, shade grown, grown in the State of Florida, is only 65 cents a pound. The price of that grown in Georgia is only 55 cents a pound, a little lower than the price of that grown in Florida.

While some of the fine wrapper tobacco grown in Connecticut sells at high prices, \$2.50 to \$3, it averages a dollar a pound, as the statistics of the department will show. So that we are imposing duties of \$2.10 or \$2.75 upon a foreign tobacco that sells in the American market without duty for over \$2. It is plain that this foreign tobacco does not come in competition with American tobacco.

What is the effect of the increase in tariff? The effect is that it is a burden upon the manufacturer, increasing his cost of production and reducing the volume of his sales.

In the next place, we can not produce in this country this fine wrapper tobacco. It is smoother and has a better burning quality, and when it is mixed with our domestic product it adds enormously to the salability of the domestic product.

Let us now consider the 5-cent cigar. When we reduced the revenue tax on 5-cent cigars, the result was that the next year there were sold 600,000,000 more cigars than had been sold the previous year, and as a result the 40,000 farmers in this country who are making domestic binders, not wrappers, but domestic binders used in making those cigars and fillers, received for their product \$3,000,000 more than they did the year before.

Mr. President, why has that cigar, as a result of this \$2 reduction, become so desirable? They now use upon those cigars generally an imported wrapper. They could not afford to do that before that reduction. The binders and fillers are of American production, and that wrapper gives that cigar a glossy appearance, it gives it a better burning quality, and it has popularized the 5-cent cigar in the United States.

When we increase the sale of the 5-cent cigar, because of this foreign wrapper, we increase the sale for the domestically produced fillers and binders in them. The same thing is true of the cigarette. By mixing Turkish tobacco with the American tobacco the cigarette is given a different flavor, and thereby its salability and popularity are greatly enhanced. The farmers of my section of the country understand that perfectly. They formerly thought there should be a prohibitive tariff upon Turkish tobacco which it was said was being brought over here in considerable quantities and used for cigarette making. They have learned since then, however, that the Turkish tobacco displaces only a negligible part of the American-produced tobacco, and that it adds a flavor to the whole content of the cigarette that it would not have if made wholly from domestic tobacco and that this has increased the consumption and expanded the market for their product.

Mr. JOHNSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from California?

Mr. COPELAND. I yield.

Mr. JOHNSON. No statement made in recent years in this country struck a more responsive chord with our people than the utterance of the late Vice President Marshall when he said that what this Nation needed was a good 5-cent cigar. Immediately afterwards, although his remark was made in jest, there began to be agitated the idea of the manufacture of a good 5-cent cigar. It proceeded with such rapidity and with such success that I think to-day one establishment manufactures something over 30,000,000 of cigars of that character. They do it, as the Senator from North Carolina [Mr. SIMMONS] has said, with a Sumatra wrapper in great degree, and they can do it only by virtue of the fact that the duty shall not be high upon that particular wrapper which we do not produce in this country at all. So it is, because of the necessity that our farmers should have a good 5-cent cigar, that I quite agree with what has been said by the Senator from North Carolina.

Beyond that, sir, and speaking more seriously, with a cigar that is manufactured with such a wrapper and with that wrapper coming from a specific and particular one or two places, a wrapper unable to be duplicated in our production in this country, I think that what has been said by the Senator from North Carolina is entirely apropos and that the duty should be just as small as it is possible for it to be upon that kind of wrapper.

Mr. SMOOT. Mr. President, may I call the attention of the Senator from California to the fact that the 5-cent cigar is taken care of in subparagraph (a) where the House proposed a rate on unstemmed tobacco of \$2.50 per pound and upon stemmed tobacco of \$3.15 per pound. In subparagraph (a) the Senate Finance Committee have reduced the rate on unstemmed tobacco to \$2.10 and on stemmed tobacco to \$2.75 a pound, which is the existing law. Subparagraph (b) does not affect filler tobacco at all, not in the least. That relates to Sumatra wrapper. It affects only the Cuban wrapper. The Sumatra tobacco comes in under subparagraph (a).

This is what the present law would be. The bales containing 13 per cent wrapper and 87 per cent filler carry the rate on the average bales coming in from Cuba. The mixture only comes from Cuba and the percentage is 13 and 87. If we want to maintain that rate under subparagraph (b), then instead of 87½ cents per pound on unstemmed, it should be 58 cents a pound, and on stemmed tobacco, instead of \$1.17½, it would be 79 cents a pound. If that change was made then it would conform to existing law, and I am perfectly willing that that should be done.

Mr. GEORGE and Mr. SIMMONS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. Mr. President, I think I had better go on with what I have to say and then I will yield the floor.

I had already spoken about the suggestion made by Vice President Marshall that what the country needed was a good 5-cent cigar. Of course, I do not know about any kind of cigar, because I do not use tobacco; but it is very apparent to me, from the discussion here and from the letters I have had, that, so far as the wrapper is concerned, the duty should be materially less than the Senate committee has proposed.

Cullman Bros., of New York, have told me that the wrapper of the cigar is only about one twenty-fifth of the weight content. From the discussion which has gone on here, it is apparent that it is only 4 per cent of the weight of the cigar, which, under circumstances in this type of cigar, is made up of imported wrapper. Then if the Senator from North Carolina [Mr. SIMMONS] is correct that the imported wrapper gives to the 5-cent cigar a flavor and a taste quite seductive, I judge from what he stated it is very apparent to me that if we want to encourage that sort of cigar we should encourage the importation of a foreign wrapper.

Mr. SIMMONS. Mr. President, will the Senator let me interrupt him to say that we are now using, as I understand, either the very best grade of wrapper that can be bought in this country or a foreign wrapper. When we were making the 5-cent cigar prior to this time, it was made up of tobacco that was chiefly manufactured in the city of New York, and it had very frequently nothing but a common grade of American wrapper.

Mr. COPELAND. It is true, is it not, may I ask my friend from North Carolina, that the filler and binder of these cigars are made from American tobacco?

Mr. SIMMONS. Yes.

Mr. COPELAND. That is American tobacco?

Mr. SIMMONS. Yes, domestic tobacco except in the clear Havana type. There are made in Florida some cigars that are called the clear Havana type; that have both the Havana wrapper and the Havana filler and binder.

Of course, as I said, some of them use the shade-grown tobacco of Connecticut and in some cheaper cigars they use the shade-grown tobacco of Florida, but there is really no competition between the two. The average price for the Connecticut product is \$1, while the Georgia type sells for 55 cents. The Florida type sells for about 65 cents.

Mr. COPELAND. The manufacturers in my State are impressed with the idea that the House amendment was aimed at Sumatra tobacco because that has been used so extensively as a wrapper. Of course, it stands to reason that the more the manufacturer must pay for the wrapper which he imports the less the American tobacco farmer is going to get for the binder. That stands to reason. If we are going to have a cigar that sells for 5 cents and the manufacturer expends a very considerable amount of money for the wrapper, he is not going to pay the tobacco farmer a high price for the binder. The wrappers that are made here, as I understand it, are raised in the three States of Connecticut, Florida, and Georgia. Pretty soon

the Senator from Florida [Mr. TRAMMELL] will make reply to the criticism which is expressed in a letter from Van Slyke & Horton, cigar manufacturers of Albany, N. Y., that the wrappers which come from those States are from tobacco raised almost entirely by corporations and not by dirt farmers, and therefore if any increase in the protection on wrappers inures to the benefit of anybody it would be to two corporations which engage in the raising of wrapper tobacco. Anyhow, there are a great many cigar factories in my State, where many persons are employed, and naturally it is to the economic advantage of New York to have these manufacturers prosper. It gives employment, it gives aid to labor, and apparently it insures the making of a high-grade cigar.

Mr. TRAMMELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Florida?

Mr. COPELAND. I yield.

Mr. TRAMMELL. In order to get a full understanding of the value of the testimony of the gentleman referred to, may I inquire if he is connected with a corporation group or if he is an individual cigar maker himself, or is he just an ordinary hand-to-hand laborer?

Mr. COPELAND. No; he is hardly that, because he tells me that he met me in the Bankers Club, so I assume he belongs to the Bankers Club.

Mr. TRAMMELL. Then he probably belongs to the bankers' group. Of course, as a matter of fact in Florida our tobacco is grown entirely by the individual farmer.

Mr. COPELAND. The wrapper tobacco?

Mr. TRAMMELL. Oh, yes, the wrapper tobacco. I know of counties where individual farmers engage exclusively in it, and it is the principal support of the farmers of those particular localities in the State. This applies particularly to the northern part of Florida. As to the question of price for Florida tobacco, one reason why the growers are seeking an increase in the duty is because the price is ridiculously low this year and has been for a number of years. Fifty to sixty-five cents a pound for wrapper tobacco produced in the northern part of Florida represents a bankruptcy price and destruction to the industry in that part of the State. They used to get, and feel that they should get now, about \$1.25 to \$1.50 a pound for their wrapper tobacco.

Mr. SIMMONS. Mr. President, will the Senator pardon me?

Mr. COPELAND. Just a moment, if the Senator please. For the relief of my friend the junior Senator from Florida let me say that while the writer of this letter may belong to what the Senator calls the corporation group, nevertheless he says that he is not in the wrapper business. His business is the filler. The farmer-cooperative leaf growers of Wisconsin, Ohio, and Pennsylvania represent 85 per cent of the tobacco growers. I suppose they are real dirt farmers, are they not? Bankers rarely go into cooperative groups except where they are cooperating to take charge of Wall Street. The cooperatives of Ohio and Pennsylvania, as I understand, where leaf tobacco is raised and where the binder is produced, are in opposition to the tax upon the wrapper, because the more the wrapper costs the less the tobacco farmer can get for the binder.

I yield now to my friend from North Carolina.

Mr. SIMMONS. What the Senator from Florida said is probably true. The price of shade-grown tobacco has been very low. So have the prices of all kinds of domestic tobacco been very low during the past two or three years, especially this year.

I wanted to interrupt the Senator for the purpose of incorporating in his remarks the exact statistics which I stated from memory a little while ago. While I stated them substantially correctly, I would like to have them absolutely correct. The statistics show that the average farm price for the Connecticut Valley shade-grown tobacco in 1926 was 97.7 cents, in 1927 was \$1.055 a pound, and in 1928 it was \$1 a pound. Georgia and Florida shade, 65 cents a pound in 1926; in 1927, 65 cents a pound; and in 1928, 55 cents a pound. I think those are the correct figures.

Mr. COPELAND. Mr. President, may I ask the Senator from North Carolina, the Senator from Utah, the Senator from Florida, or some other Senator informed on the subject, is it true that a manufacturer of cigars in Brooklyn would have to pay for Connecticut and Florida wrappers as high as \$4 or \$5 a pound?

Mr. SIMMONS. Certainly not. They only have to pay the price at which the product sells in this country—the farm price, which I just gave.

Mr. COPELAND. Will the Senator please tell me what he thinks would be a fair price for Florida and Connecticut wrappers at the present time in the New York market?

Mr. SIMMONS. I do not know how much the price increases in the several processes of distribution, but, let us say,

it is doubled; in that event, the price of Florida wrappers ought to be \$1.30 per pound.

Mr. COPELAND. Has the Senator from Utah any information about that? What is the market price in New York of Florida and Connecticut, or any other domestic wrappers?

Mr. SMOOT. I will say to the Senator there is a wide range in prices of wrapper tobacco in New York.

Mr. COPELAND. I am talking now about the domestic wrapper.

Mr. SMOOT. The price of domestic wrapper runs all the way from \$1.25 to \$3 a pound.

Mr. SIMMONS. Some of the very fine grades of Connecticut tobacco that are used in the high-priced cigars might run up to \$3 a pound, but the average is about a dollar. The high-priced wrappers, which run up to \$3 a pound, are very limited in quantity, and I believe are used principally in what is called the Corona type of cigars.

Mr. SMOOT. The Senator from New York asked me what the price was in New York, and I said it was all the way from \$1.25 a pound to \$3.

Mr. SIMMONS. I told the Senator from New York that for the domestic wrapper I thought doubling the farmer's price would be about correct. At the same time the price of the Sumatra wrapper in New York would be about \$2.20 a pound, plus about the same amount of duty, which would run it up to about \$4.40.

Mr. COPELAND. Mr. President, am I right in—

Mr. SIMMONS. Let me give the figures exactly correct.

Mr. SMOOT. I have the figures. A great deal of it comes in at \$1.25 a pound plus \$2.10.

Mr. SIMMONS. I was giving the average.

Mr. SACKETT. It is about \$3.35.

Mr. SMOOT. It is about \$3.35.

Mr. SIMMONS. I have the figures exactly. In 1925 the imports of stemmed tobacco were 5,868,000 pounds.

Mr. COPELAND. Has the Senator the figures as to domestic production?

Mr. SIMMONS. Yes; the domestic production in this country is about one billion and a quarter.

Mr. COPELAND. A billion and a quarter? I am speaking about wrappers.

Mr. SIMMONS. I am speaking about all tobacco. I have not the separate figures as to wrapper tobacco, but I can give them to the Senator in a little while.

Mr. COPELAND. I wish the Senator would do so, as I should like to be informed as to that.

Mr. SIMMONS. Let me finish what I started to say a little while ago. The Senator wanted to know the price in New York.

Mr. COPELAND. Yes.

Mr. SIMMONS. In 1925 the average foreign price was \$2.41. The duty added to that would make it \$4.51.

In 1927 the average foreign price was \$2.21 and the duty added would make it \$4.31 a pound.

In 1928 the average foreign price was \$2.13 a pound, and with the duty added it would be \$4.23 a pound. In that case the price of the foreign product is more than twice the price of the domestic product; and when the duty is added to the foreign price the cost of the foreign article is more than four times the average price of the Connecticut shade grown tobacco, which is the best grown in this country.

Mr. COPELAND. Is it probable if this tariff duty on wrappers were materially reduced that it would affect at all the demand for the domestic product?

Mr. SIMMONS. I think it would increase the demand for the domestic product. The foreign wrappers and foreign fillers do not amount to much and their use largely increases the demand for the American product; it increases the price, and it helps the farmer and helps the manufacturer in both directions.

Mr. SMOOT. Mr. President, if the Senator from New York has no objection, I will answer the question as to the production in the United States of wrapper tobacco at this time.

Mr. COPELAND. I should like to have that information.

Mr. SIMMONS. I think it is 153,000,000 pounds, but I am not sure. I means fillers and binders.

Mr. SMOOT. I wish to go back to the production for 1925.

Mr. COPELAND. Is the Senator referring to wrapper tobacco?

Mr. SMOOT. I am referring to American wrapper tobacco. In 1925 there were 6,832,000 pounds produced; in 1926 there were 7,773,000 pounds; in 1927 there were 9,768,000 pounds; and in 1928 there were 11,166,000 pounds.

Mr. COPELAND. Of the domestic wrapper?

Mr. SMOOT. Yes.

Mr. COPELAND. What about the importations?

Mr. SMOOT. The importations are given on the next page, and I will cite them for the Senator. Taking the same years, in

1925 the imports were 5,808,385 pounds; in 1926 they were 6,029,947 pounds; in 1927 they were 6,058,314; and in 1928 they were 5,879,104 pounds.

Mr. SACKETT. Mr. President, will the Senator from New York yield to me for a moment?

Mr. COPELAND. I yield.

Mr. SACKETT. I am interested in this matter, and I want to show what the Senate committee has done in regard to section 601.

I shall refer to the provision of the existing law first—it is very short—and if Senators will compare it with the provisions of the Senate committee amendment they will see the difference. The paragraph of the existing law reads in this way:

PAR. 601. Wrapper tobacco, and filler tobacco when mixed or packed with more than 35 per cent of wrapper tobacco, and all leaf tobacco the product of two or more countries or dependencies when mixed or packed together, if unstemmed, \$2.10 per pound; if stemmed, \$2.75 per pound; filler tobacco not specially provided for, if unstemmed, 35 cents per pound; if stemmed, 50 cents per pound.

That is the whole of paragraph 601 of the present law. The House only changed that in this particular: It raised the rate of duty on the unstemmed tobacco to \$2.50 per pound and on the stemmed tobacco to \$3.15 per pound.

The Senate committee decided, on account of the advisability of having a 5-cent cigar in this country, that the increase to \$2.50 and \$3.15 would put the 5-cent cigar out of business under the present conditions of the tobacco trade; so the Senate committee concluded to return to the rate of the present law.

There was quite an effort made in the interest of certain domestic growers of this wrapper tobacco to retain the increases to \$2.50 and \$3.15, respectively, but the history of the 5-cent cigar was that in order to continue its manufacture in this country in a satisfactory way there would have to be help given by the Government. In 1926, in order to insure its manufacture on a satisfactory scale, the internal-revenue tax was reduced from \$4 to \$2. That enabled the cigar manufacturers who were trying to introduce the 5-cent cigar to meet the necessary cost of production and put such a cigar on the market. If we were to raise the duty on the Sumatra wrapper, which is the character of wrapper used to-day largely in the better class of 5-cent cigars, to \$2.50 instead of \$2.10, and made a corresponding increase in the stemmed wrapper from \$2.50 to \$3.15, we would then be taking away part of the reduction in the internal-revenue tax, so to speak, and would probably destroy the opportunity of manufacturers to furnish a 5-cent cigar of the same quality as is now being furnished.

If we should go further than the old law, and further than the committee recommends, and reduce the rate below \$2.10 and \$2.50 duty on the imported Sumatra wrapper, which is used in the 5-cent cigar, I take it that any reduction which would be made below that rate would go only into the hands of the manufacturer; it would not affect the price at retail of the 5-cent cigar at all, but whatever gain was made by the manufacturer through reduction of duty would go into his pocket.

As a result—

Mr. COPELAND. Mr. President, will the Senator yield to me there?

Mr. SACKETT. I will yield in a moment, if the Senator will allow me to finish. As a result, however, of the reduction in the internal-revenue tax to \$2, the increase in the production of the 5-cent cigar has been phenomenal in the last three years, showing that at the rates of duty at \$2.10 and \$2.50, and with the internal-revenue tax at \$2, the manufacturers in this country are able to furnish at a profit the 5-cent cigar which is so much wanted in this country.

The Senator from New York suggested, as I understood him, that if the duty on the wrapper were reduced below \$2.10 and \$2.50, the difference would inure not to the cigar manufacturer but to the producer of the filler or binder. I take it that the amount of binder that is produced in this country to fill those 5-cent cigars is so great and from such varied localities that the purchase by the manufacturer is a matter of competition among the farmers to-day, and that we could not say in any way that if the duty on the wrapper were reduced, the difference would go to the producer of the binder or filler. I do not believe there is really any justification for that thought. At the same time, there is a certain amount of wrapper produced in this country in Florida, in Connecticut, and in Georgia.

Those tobacco farmers who are individual farmers are rather hard pressed to meet even the \$2.10 rate and the \$2.50 rate; and if we were to reduce them below \$2.10 and \$2.50, it would undoubtedly have a very serious effect upon that production. If the rates were increased above \$2.10 and \$2.50, we would eliminate the possibility or probability of obtaining a large in-

crease in the number of 5-cent cigars that the manufacturers are able to produce.

It seems to me, from the result of the business in the last three years, that we have arrived at a pretty fair adjustment of the duty on Sumatra wrapper at \$2.10 and \$2.50. We have increased the business, we have provided the 5-cent cigar, and we have not put the producer entirely out of business in these States. When we change that we are either going to destroy the 5-cent cigar, if the duty is put too high, or we are simply going to turn over the difference to the manufacturer of cigars if we put it much lower.

Mr. SIMMONS. Mr. President, may I ask the Senator a question?

Mr. SACKETT. Certainly.

Mr. COPELAND. I yield to the Senator from North Carolina.

Mr. SIMMONS. Does the Senator mean to say that where an article is selling in this country through the regular channels of trade for from 65 cents to \$1 a pound, it is necessary for the protection of the producer to impose a duty of \$2.50 upon the type of tobacco that these men produce?

Mr. SACKETT. I think that is a very fair question, and I will answer it in this way.

Mr. SIMMONS. Would not that lead to the conclusion that in order to protect the product it is necessary to fix a duty of twice the entire cost, or around the entire selling price of that product? When we add to that that the foreign article in our own market sells for two or three times as much as the domestic article, where is the justification for imposing a duty twice the value, or in the case of the majority of the product nearly three times the value, of the domestic product?

Mr. SACKETT. My answer to the Senator would be this, based on business principles, I think:

If the domestic wrapper can be used in the production of the 5-cent cigar—and it is used in some cases and by some manufacturers—it becomes a question in the manufacturer's mind whether it is better to pay on the basis that he can get the domestic wrapper, or to pay on the basis that he has to pay for the imported wrapper; and the amounts which are used in the production of these cigars indicate that a great proportion of them prefer to pay on the basis of the foreign article. Therefore, if we reduce that we just cut out that much additional of the domestic wrapper which is to-day produced.

The foreign wrapper is worth more to the manufacturer in making his cigar, because, as the Senator has said, it gives an aroma and a flavor which he can not get from the domestic wrapper. If he is willing to forego that aroma and flavor in order to make more money by buying the wrapper at a less price, he does so; and the adjustment to-day seems to be very fairly remunerative both to the manufacturer who is using the domestic wrapper and to the one who is using the foreign wrapper.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from New York further yield to the Senator from North Carolina?

Mr. COPELAND. I yield.

Mr. SIMMONS. Let me say to the Senator that the domestic production of wrappers in this country in 1928 was 11,166,000 pounds. The importations in that year were 5,879,000 pounds. In other words, the production in this country is about twice the importations.

Mr. SACKETT. That was not what the Senator from Utah read, was it?

Mr. SMOOT. Yes; that was it.

Mr. SACKETT. Does the Senator wish to decrease that production of domestic wrappers?

Mr. SIMMONS. No; I wish to increase the production as much as possible.

Mr. SACKETT. Does the Senator feel that by reducing the duty he could increase that production? That is the point I wanted to make.

Mr. SIMMONS. I think reducing the duty would not affect the production at all, because there is really no competition as to price between the two articles.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. SACKETT. I want to go along just a little further before I get through, if the Senator please.

Mr. SMOOT. I simply wanted to say to the Senator that 1 pound of Sumatra wrapper will go twice as far as a pound of the local tobacco.

Mr. SIMMONS. I think that is probably true.

Mr. SMOOT. So, when we take into consideration the imports or the exports or the production, we must take that fact into consideration, too.

Mr. SACKETT. It is necessary to consider it as two to one, according to my recollection.

Mr. SIMMONS. Mr. President, I want to say that I think there is ample demand in this country for both the domestic and the foreign product. Taking them both together, the figures are not large. Taking them both together, they amount to only 16,000,000 pounds of wrapper. That is all there is.

Mr. SACKETT. Yes; I think that is true; and when we take it on the basis of two to one, we get just about an even break.

Mr. SIMMONS. About an even break.

The Senator says that a reduction in these high duties; that is, the Senate rate of \$2.10, and the House rate of \$2.50, would go altogether to the manufacturer.

Mr. SACKETT. I said it probably would.

Mr. SIMMONS. I do not know whether it would or not; but suppose it all does go to the manufacturer: Would we not have the same result as to the other cigars from reducing the duty that we got from reducing tax duty as to the elements that go into a 5-cent cigar? When we reduced the internal-revenue tax on that—and a tax is the same, so far as tobacco is concerned, whether it is internal or customhouse—

Mr. SACKETT. Yes; it is just doubling it up.

Mr. SIMMONS. When we reduced the internal-revenue tax \$2 per pound, it gave a tremendous impetus to the sale of that particular cigar.

Mr. SACKETT. That is true.

Mr. SIMMONS. Therefore the producer of tobacco got a benefit, because more of his tobacco was consumed. Now, if the reduction of the tax upon the other class of cigars in this country was made comparable with that upon the 5-cent cigar, why would not the Senator anticipate the same result—an increased use of that tobacco, the binder tobacco that is produced in this country, the wrapper that is produced in this country?

Mr. SACKETT. I would.

Mr. SIMMONS. By increasing that the farmer would have a larger demand for his product; and the price of the farmer's product, like the price of every other product, is very largely dependent upon the demand for it.

Mr. SACKETT. It is stimulated by the demand.

Mr. SIMMONS. Yes; it is stimulated by the demand.

In my section of the country we have had the idea all these years, until recently, that all of these tobacco taxes, enormous as they are, were passed on to the consumer, and that the farmer had nothing to do with them, because he was not affected at all; but the farmers of my country have suddenly realized that these enormous tobacco taxes, amounting to something over \$500,000,000 last year, adding the internal-revenue tax and the customs duty together, are within \$100,000,000 as much as the entire customs receipts on all things, excluding tobacco, in this country.

Mr. SACKETT. I think the Senator is right.

Mr. SIMMONS. They say that this enormous burden of over \$500,000,000 imposed upon this single industry is too much, and the effect of it is injurious, and the result of it is that the farmers of this country are not able to find a sufficient demand for their tobacco. The demand is being curtailed by these high prices. High prices generally curtail demand; low prices stimulate it.

Mr. SACKETT. If the Senator please, I was directing my remarks to the 5-cent-cigar problem.

Mr. SIMMONS. Let me go just one step further. They also protest, and I have petitions from farmers in certain counties and certain towns in my State protesting, that the low price of tobacco this year is due to the fact that they are being required, in the fixing of their prices by the buyer, to bear a part of this burden of taxation. They say that of course the consumer bears a part of it, but that the farmer, by reason of the lower price paid for his tobacco, also bears a part of it. Whether that contention is justified or not, I do not know.

Mr. SACKETT. It is very difficult to find out.

Mr. SIMMONS. It is very difficult to find out; but I know that if the farmer is bearing a part of this burden he has a just right to complain of the prices he is receiving as a result of that.

Mr. SACKETT. I think so; but I think that can be met better by a reduction of the internal-revenue tax than it can by a reduction of duties.

Mr. SIMMONS. Why can it not be done by both?

Mr. SACKETT. Because a reduction of duties would have the effect of reducing the amount of home-grown material that is used. That is the difference.

Mr. SIMMONS. Now, let me be frank with the Senator. I make no quarrel at this time with the rates of the Senate com-

mittee on tobacco the content of which is over 35 per cent of wrapper. That is, the Senate committee rates of \$2.10 and \$2.75, as against the House rates of \$2.50 and \$3.15, suit me. I like the Senate rates better. That is all that I am contending for about that. What I should like to do is to have the Senate committee rates in that particular; but the rest of the Senate committee's amendments I do not like.

Mr. SACKETT. I was going to come to that, if the Senator from New York will indulge me just a few moments longer.

The VICE PRESIDENT. Does the Senator from New York yield further to the Senator from Kentucky?

Mr. COPELAND. Is the Senator going now beyond the wrapper?

Mr. SACKETT. I was going to take the next section, paragraph (b), which was brought in here, to this extent, and I will ask the Senator from North Carolina to listen to it a moment. I agree with the Senator from North Carolina that the rates of the old law would on the wrapper be satisfactory.

Mr. SIMMONS. Mr. President, I do not want to be quoted as being satisfied, but I mean we would accept them.

Mr. SACKETT. I will agree with that. The Senate committee, when it was discussing the mixed bale, which comes under subdivision (b), talking with its experts, felt that there was a difficulty in determining whether the amount of wrapper tobacco in the mixed bale was in excess of or below 35 per cent. It was more difficult to tell when the amount was 65 and 35, as to the exact amount of each in the bale, than it was if we would reduce the mixed bale to 5 per cent. I think it was rather under the advice of experts that a double section was added to the bill, making a 5 per cent mixture the same rate as before, but when we came to the 35 per cent, they wanted to put it higher so as to discourage that mixture, it being more difficult to administer.

Personally I do not believe, and I so felt in the committee, that there was sufficient warrant for making that change. I believed that if we would go back to the old law complete, as I read it in the beginning, the wrapper tobacco at \$2.10 and \$2.50, and the 35 per cent mixture in the bale at 35 cents, as it is in the old law, we would have a rate that was satisfactory in the main. Nothing is entirely satisfactory, but I thought that would be a satisfactory compromise for the manufacturer and the grower. If we attempt to change the rates at this time we are going to upset the business as it at present exists, and I think the increase in the production of 5-cent cigars during the last three years, since we made this change, warrants the conclusion that the rate was adjusted to a certain fineness which permits the growth of the business and permits the tobacco trade to carry on.

Mr. SIMMONS. Mr. President, if the Senator will pardon me just a moment, I think the mistake the Senate committee made was in failing to take into consideration the fact that practically all the tobacco we get from other foreign countries except Cuba is wrapper tobacco. There is hardly 5 per cent of filler in it. It is practically all wrapper tobacco. It all contains above 85 per cent of wrapper, at least, and that is caught by the duty of something over \$2.

Practically all the tobacco that comes to us from Cuba is filler tobacco. From 90 to 95 per cent of it is filler tobacco. Therefore it is reasonable to suppose that in these packages there will not be much over 5 or 7 or 8 pounds of wrapper tobacco.

The way the bill is written, subdivision (b) would apply only to the Cuban tobacco, so that if the Cuban packages of tobacco happened to contain, as they usually do, about 6 pounds of wrapper, or 7½ pounds of wrapper—and it seldom exceeds that—because of the way it is classified, it would pay a double tax. Not only the wrapper would pay double tax but the filler would pay double tax. That is to say, if it is under 5 pounds, the tax on the whole would be only 35 cents, under the amendment. If it happened to be 5½ pounds, or 6 pounds, then they would have to pay 87½ cents instead of 40 cents, just because there is 1 pound in excess. The average excess is about 2½ pounds, but if there happened to be 1 pound in excess, there is added 150 per cent tax upon the whole of the package, and nothing could be more absurd than that.

Mr. SACKETT. Mr. President, I agree with the Senator that that is an unfortunate amendment that is proposed to the law. I also want to reiterate what I have just confirmed, that splitting up the provision into two rates and classifications was the suggestion of the experts of the Treasury Department, who said that it would be easier to administer. I think the fact that it would be easier to administer does not justify the more serious fact that a large part of the filler tobacco would bear an excessive tax.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. FLETCHER. I wanted to ask whether or not, in adjusting this rate on the mixed bale and making it 40 cents, as is proposed, instead of 87½ cents, we would not be putting it back about where it is to-day.

Mr. SACKETT. We would then put it back on about the present basis, but to put it back to the exact figure of the old law is just as easy, and that is 35 cents.

Mr. SIMMONS. I have no objection to that.

Mr. SACKETT. I see no reason for making even a 5-cent adjustment when the facts warrant us in saying we have a very nice adjustment on the 35-cent basis. Therefore I would suggest that instead of adopting the Senate committee amendment we return in some way to the present law. How can that be done?

Mr. SMOOT. That can be done by simply striking out, on line 19, the numeral "87½" and inserting "58," and on the same line, striking out "\$1.17½" and inserting "79 cents."

Mr. SACKETT. Why can we not go back to the old law as it is written?

The VICE PRESIDENT. The pending question is on agreeing to the amendment in subdivision (a).

Mr. COPELAND. Mr. President, if it is proper at this time, I want to offer an amendment on line 15, reducing the "\$2.10" to "\$1.60," and the "\$2.75" to "\$2.25." Is it in order to offer that amendment now?

The VICE PRESIDENT. The amendment is in order.

Mr. COPELAND. I offer that amendment.

Mr. HARRIS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Georgia.

Mr. HARRIS. I wanted to ask the Senator from Kentucky a question. I would like to say, before asking the question, that most of us on this side do not agree with the Senator from North Carolina [Mr. SIMMONS] as to this rate. We think that the \$2.50 rate of the House should be carried by the Senate.

The Senator from Kentucky, who understands this question so well, made a statement in which I was interested. As I understood him, he said that if the rate were \$2.50, the producer of the commodity would get more of it than the manufacturer would get. There are some statements to that effect.

Mr. SACKETT. The difference between \$2.10 and \$2.50 in the manufacture of a hundred cigars of the 5-cent variety would not be sufficiently great to warrant a change in the retail price, and I felt that if we made that change, we would not increase the returns to the producer of the binder or filler of the cigar at all, because that is a matter of competition in the open market, but we would decrease by just that much the cost of production to the manufacturer, and it being too small to pass on to the consumer, that the manufacturer would be the sole beneficiary of that change.

Mr. COPELAND. Let me ask the Senator at that point in that event, if my amendment were to prevail, what would be a sufficient reduction to make it possible for the manufacturer to pass on the benefit to the consumer of the cheaper cigar?

Mr. SACKETT. The difference between \$1.60 and \$2.10 applied to a hundred cigars, and being only applicable to the wrapper and not to the filler, it is doubtful in my mind whether it would amount to more than a few cents on the hundred, and it would scarcely be practicable, with our currency, to reduce the price to as low as 4 cents. It would be hard work to pass that change on to a consumer.

Mr. SMOOT. Mr. President, will the Senator from New York yield?

Mr. COPELAND. I yield.

Mr. SMOOT. I want to say again that subdivision (b), beginning on line 16 and ending on line 20, has nothing whatever to do with tobacco except Cuban tobacco. The Cuban importations of tobacco into the United States are less than 10 per cent of importations of tobacco from other places. The department wanted subdivision (b) in the bill for administrative purposes. If we are going to disagree to the committee amendments and go back to the present law, of course the department can get along the same as it has gotten along in the past, with disputes always arising as to the amount of wrapper tobacco contained in a bale of tobacco coming from Cuba. All this does is to clarify the question of the amount of shipments from Cuba.

Mr. COPELAND. Mr. President, let me ask the Senator, does he see any reason why in subdivision (a) those figures should not be reduced 50 cents in each instance?

Mr. SMOOT. I do not believe they ought to be decreased from \$2.10.

Mr. COPELAND. Why not?

Mr. SMOOT. I do not know that the cigars would be a penny cheaper to the consumer if that figure were decreased. The money we collect on those cigars by way of duty is considerable. It might just as well go into the Treasury of the

United States. The 5-cent cigar will not be any cheaper. The reason why the committee decided not to agree to the \$2.50 of the House was in order to take care of the 5-cent cigar, but the \$2.15 will take care of the 5-cent cigar in the present law. Why throw that money away? A 5-cent cigar will not be any cheaper whatever if we cut the rate to 30 cents.

Mr. COPELAND. Mr. President, we are here to give relief to the farmer, and the testimony from my State is that all these tobacco farmers are in bitter opposition to an increase on this imported wrapper. It naturally follows that if the price of that wrapper can be made less, the binder will get a larger price. If the manufacturer is striving to make a cigar that he can sell at a profit at 5 cents, and he finds that he can buy his wrapper at less money, then he is in a position to pay a larger price for the binder, and the raiser of tobacco has an argument with him, "You can afford to pay more for it."

Mr. SMOOT. All I have to say is, just wait until we hear from the Senator from Georgia, and see whether he would like to have the \$2.10 in the bill, and he represents the tobacco farmer. I think the Senator from Georgia will disagree with the committee amendment at \$2.10. He wanted it \$2.50.

Mr. FESS and Mr. GEORGE addressed the Chair.

The VICE PRESIDENT. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. I yield first to the Senator from Ohio.

Mr. FESS. In my State there are both the growers of tobacco and the manufacturers. I have had considerable correspondence, voluntary from the other end, on the matter, and all that I get from them is that they do not want the present law disturbed. I do not think there is any demand to go below the present rate.

Mr. COPELAND. They certainly do not want to have the rate raised.

Mr. FESS. No; they do not want to have the present rate increased.

Mr. COPELAND. I hold in my hand a letter from the Miami Valley Association protesting against any increase. It has been brought out very strongly by the Senator from North Carolina that it is not necessary to have \$2.10 in order to protect the domestic grower of wrapper tobacco.

Mr. SIMMONS. The tobacco manufacturers of my State pay 51 per cent of all of the tobacco tax paid in this country. The farmers of my State are protesting vigorously not only upon the high customs taxes, but the high internal-revenue taxes.

Mr. COPELAND. Let me ask the Senator if he believes that \$1.60 and \$2.25, being a reduction of 50 cents each, would give the grower of domestic wrapper tobacco ample protection?

Mr. SIMMONS. I think it would help the domestic grower of tobacco. I think it would not hurt any domestic grower of wrapper tobacco in this country. I am not myself insisting upon going that far. For the present I am saying that our State would be content with the Senate committee rate of \$2.10 on tobacco containing more than 25 per cent of wrapper. I would be content with that and I would accept that for the time. But I do not know, and I want to investigate further. I would accept that with the understanding that when we come to individual amendments, if I am satisfied that it ought to be further reduced in the interest of the farmer, I shall offer an amendment to that end. I am willing to let it stand for the present.

Mr. SACKETT. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I yield.

Mr. SACKETT. If the Senator's amendment were agreed to, reducing by 50 cents the rate on wrapper tobacco, what would be the effect? I have asked the experts what it would amount to per cigar. That is a point the Senator has missed. As nearly as the experts can figure it hastily it amounts to twelve one-hundredths of 1 cent per cigar. That is one-eighth of 1 cent. It is not possible to transfer that one-eighth of 1 cent to the retail price of the cigar. It might do considerable damage, though we have no figures to show, to the growth of the American wrapper.

Mr. COPELAND. How could that be?

Mr. SACKETT. Because if it would not have such a result, then under the extremely high rate, as the Senator thinks the duty is to-day, there is no reason why manufacturers should not go to an all-American wrapper. One-half of the 5-cent cigars at least are made with a Sumatra wrapper at the present duty. If there is no relationship between the value of the product with the high duty to-day and the low price of the Florida and Connecticut wrapper, it seems fair to assume that the bulk of the business would go to the Florida and Connecticut wrapper; but it does not, because it takes 2 pounds of the one to make the equivalent of 1 pound of the other for wrapper purposes, and on that basis the use of wrappers on

5-cent cigars is equally adjusted between the two. If we reduce the rate 50 cents, as the Senator suggests, it can not be transferred to the retail price of the cigar, because the amount per cigar is too small. It is one-eighth of 1 cent per cigar. The result would be that the protection now afforded to such domestic wrapper as is grown would be possibly a serious question.

Mr. COPELAND. Is not this the fact? There are probably 150,000 growers of tobacco of these types in my State and in Pennsylvania, Connecticut, Ohio, and Wisconsin. Is it not probable that they go time and time again to the manufacturers and say "We want a higher price for the binder we raise"?

Mr. SACKETT. Oh, yes.

Mr. COPELAND. And the manufacturer always says, "We can not give you any more because we can not go beyond a 5-cent price." One-eighth of 1 cent per cigar with the billions of them that are sold would mean that the manufacturer would be justified in paying more for the binder. He would be justified in paying more to his labor.

Mr. SACKETT. Theoretically that might work out, but practically, considering the way in which tobacco is bought at the leaf-tobacco sales in the warehouses to-day, it would be very difficult to differentiate.

Mr. COPELAND. Does the Senator mean that we are so helpless that because of the way things are done to-day they can never be done any other way?

Mr. SACKETT. Oh, no; I do not mean that at all.

Mr. COPELAND. We are trying to help the farmer.

Mr. SACKETT. I mean that with the present day business methods, one-eighth of 1 cent per cigar is very difficult to transfer from one pocket to another.

Mr. SIMMONS. Mr. President—

Mr. COPELAND. I yield to the Senator from North Carolina.

Mr. SIMMONS. I want to ask the Senator from Kentucky [Mr. SACKETT] a question, if I may.

Mr. COPELAND. I yield for that purpose.

Mr. SIMMONS. If our domestic wrapper tobacco is all selling for a dollar a pound and the duty we now have on foreign wrapper tobacco has advanced that price in the domestic market to \$4.50 a pound, how much duty does the Senator think we would have to put on a pound of foreign tobacco to exclude altogether the 5,000,000 pounds of foreign wrapper that we now import? If a 400 per cent higher rate will not enable the American farmer to make this wrapper tobacco and find a market for it, is it not a fact that the only way we can help him is to impose an absolutely prohibitive duty upon the foreign product? It is nearly prohibitive now, and if we impose an absolutely prohibitive duty upon the foreign product, we give the American farmer the whole market, but if we destroy that situation we destroy the 5-cent cigar and we destroy the manufacture and salability of all other tobacco.

Mr. SACKETT. I do not think that increasing the amount of the duty would materially help the domestic wrapper.

Mr. SIMMONS. It would not unless we made it exclusive.

Mr. SACKETT. Even then I think we would do away with the 5-cent cigar.

Mr. SIMMONS. Of course we would.

Mr. SACKETT. There is a certain amount of the wrapper that is used is grown by the American farmers, and as long as the sale of the 5-cent cigar under the present rate of duty is rapidly increasing it would seem to me to be unwise, without a good deal more information than we have as to the effect, to reduce that duty in a way that would only turn it over to the manufacturer of cigars and not give it to the consumer. We have a very nice adjustment to-day in which both lines, the manufacture of 5-cent cigars and the growing of wrapper tobacco, are increasing, and when we change it we bring in new factors that may seriously affect one side of the problem or the other. If we had more information and more knowledge on the subject, I might go along very well with the proposed reduction of duties that would give us more use and more sale for our filler, but under the circumstances I do not believe we know quite enough about it to warrant that reduction.

Mr. SIMMONS. The Senator would favor, then, as I understand it, the difference imposed by the Senate committee upon tobacco containing more than 35 per cent wrapper?

Mr. SACKETT. No; I would not. I said I thought that was put in purely for administrative purposes. I think the Senator's argument that it would have a serious effect upon the foreign imports would be a reason for not putting it in. I was opposed to it in the committee.

Mr. SIMMONS. The Senator did not understand me. I was not referring to that section. What I was asking the Senator was if he would be in favor of the present law with the modifi-

cation proposed by the House changing the rate from \$2.50 to \$2.10?

Mr. SACKETT. I would be in favor of the present rate as written in the 1922 act, which is \$2.10.

Mr. SIMMONS. Without any amendment?

Mr. SACKETT. Without any amendment whatsoever. I think, with the present knowledge we have of the business, that that is the proper adjustment to be made.

Mr. President, I would like to ask the Chair a question. There has been an amendment proposed by the Senator from New York—

The PRESIDENT pro tempore. The pending amendment is that proposed by the Senator from New York in line 15.

Mr. SACKETT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Kentucky will state it.

Mr. SACKETT. The Senator from New York, as I understand it, has offered an amendment to reduce the rate on wrapper tobacco to \$1.60 if unstemmed and \$2.25 if stemmed.

The PRESIDENT pro tempore. It has been the purpose of the Chair to ask unanimous consent to submit both amendments at once inasmuch as they deal with the same subject.

Mr. SACKETT. The amendment I want to offer, and I would like to know if it is in order, is to insert \$2.10 in place of \$2.50 and to insert the present rate, which is \$2.75, in place of \$3.15.

The PRESIDENT pro tempore. That would be an amendment in the third degree and can not be entertained until the amendment of the Senator from New York is disposed of.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. FESS. With reference to the parliamentary inquiry propounded a moment ago by the Senator from Kentucky, if the amendment of the Senator from New York is voted down—

The PRESIDENT pro tempore. Then the amendment proposed by the Senator from Kentucky would be in order.

Mr. FESS. Then the thing to do would be to reject the committee amendment in order to retain the House provision?

The PRESIDENT pro tempore. Yes.

Mr. BLAINE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. COPELAND. I yield.

Mr. BLAINE. Under the present law the tariff rate on wrappers is \$2.10 a pound. I would like to ask the Senator if he made an investigation of the fact so that he might inform us of the amount the farmer or grower of wrapper tobacco receives per pound, in order that we may know what portion of the \$2.10 he is receiving?

Mr. COPELAND. The Senator from North Carolina stated that it was 65 cents.

Mr. BLAINE. Then the balance of the \$2.10 is a mere revenue producer, as I understand it?

Mr. COPELAND. Yes.

Mr. BLAINE. So that the \$2.10 rate is not a protective measure for the grower of wrapper tobacco except to the extent of about 65 cents a pound?

Mr. COPELAND. That is correct.

Mr. BLAINE. All the rest is a revenue proposition?

Mr. COPELAND. Yes; and the Senator from North Carolina stated that the tobacco revenue is one-half of our total internal revenue.

Mr. SACKETT. About \$500,000,000.

Mr. BLAINE. I was wondering if anyone had asked for an increased rate on wrapper tobacco as an aid to agriculture?

Mr. COPELAND. It certainly would not improve agriculture.

Mr. GEORGE. Mr. President, I desire to ask the Senator from Kentucky [Mr. SACKETT] a question because he seems to be very well informed on this question. As I understand his argument, and I think it is a very fair one, I want to say, the rate of \$2.10 on the unstemmed tobacco, in his judgment, is about the properly adjusted rate; that a rate of \$1.50 or \$1.60 could not bring about a reduction in the price; therefore it could only result in an additional profit to the manufacturer.

Mr. SACKETT. That is the argument I was making.

Mr. GEORGE. I think the Senator is entirely correct. May I ask him another question? The rate proposed by the House of \$2.50 would not bring about an increase of 1 cent per cigar, would it, in his judgment?

Mr. SACKETT. No; I do not think it would bring about an increase of 1 cent per cigar, but I do believe it would make it practically impossible for the manufacturer to increase the output of 5-cent cigars.

Mr. GEORGE. Yes; I understand the Senator's argument and I think the Senator has very well stated the case. I would like the case to be very well understood because it is a very clear case of conflict between manufacturers and producers. It

is one of the clearest illustrations in the entire tariff bill. The rate of \$2.50 on unstemmed wrapper tobacco will not increase the cost of the 5-cent cigar. The Senator is quite right about it. I am willing to make that statement on my own responsibility so far as it may go. A rate of \$1.60, such as the Senator from New York proposes, will not reduce that price.

So what is the situation before us? We have the plain case of whether we desire to give more profit to the manufacturer. We have a clear-cut case of whether we desire to give certain manufacturers of cigars more profit, or whether we wish to give the producer a better chance to control his market. If we leave the duty at \$2.10 the manufacturer is very well satisfied. If we reduce the rate to \$1.60 he will make more profit. If we increase the duty to \$2.50, as the House did, he still will be compelled to sell his product on the market at the price for which he sells it to-day. The only effect will be the reduction of the profit of the cigar manufacturer.

Mr. President, I want to state what I believe to be the true doctrine of protection. I have not heard much about it from the other side of the aisle during this debate. Of course, we on the other side of the fence have denied that the theory works out, but the true theory of protection is not that the protective duty increases the price, but that it gives the American producer the market. If the protective theory does not stand on that basis, it can never be justified; and the founders of the protective theory based it upon that contention and upon that contention alone.

It is true, they stated, that in the beginning there may be an increase in the price, but that was always pointed to by Mr. Hamilton as a purely temporary condition. He asserted that ultimately the price to the consumer would be no higher, indeed, that it ought to be less than it otherwise would be.

Mr. SMITH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from South Carolina?

Mr. GEORGE. I shall yield in just a moment, though I have been trying for some time to get the floor.

Mr. SMITH. Very well.

Mr. GEORGE. The theory of protection is that it gives the American producer more of the domestic market. Very well. Now we face this proposition: There is a duty of \$2.10 in existing law on wrappers unstemmed—and nearly all imports are unstemmed—and we can put the duty up to \$2.50 and yet not increase the price to the consumer; we can put it down to \$1.50 and not lower the price to the consumer, but we can affect the manufacturer's profit. Make no mistake about that. I do not want to argue the case; I want to state the facts. By our vote on this rate we will affect the profit of the big manufacturers of tobacco. Make no mistake about that. The independent manufacturers want this duty increased, or, at least, they are willing to have it increased; but there is not a big manufacturer of tobacco in America who wants it increased, because it would reduce his profits.

Mr. SACKETT. Mr. President, will the Senator from Georgia yield to me for a moment?

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. GEORGE. Yes; I yield to the Senator.

Mr. SACKETT. From the correspondence I have had with manufacturers of cigars generally—and I have had quite a good deal of it—I think there are just as many small manufacturers as there are large ones who do not want an increase of duty. I think the fact that Congress found it necessary to reduce the internal-revenue tax from \$4 to \$2 in order to insure the production of a 5-cent cigar is proof that it would hardly do now to enhance the cost of production by increasing the rate on the wrapper that is used, because both small and large manufacturers prefer the Sumatra wrapper to insure the sale of their products rather than to use the domestic wrapper at one-third the cost of the Sumatra wrapper. I do not believe increasing the duty will increase the amount of the domestic wrapper that will be used, because the manufacturers found it impossible to sell their cigars in large quantities with domestic wrappers.

Mr. GEORGE. Mr. President, I know that has always been said, but let me discuss one thing at a time. I do not know whether the Senator from California [Mr. JOHNSON] was speaking facetiously when he spoke about the flavor that the wrapper gives to the cigar. The wrapper is supposed to have a neutral taste; the taste does not come from the wrapper. The higher grade the wrapper the less taste of any kind that it has. The wrapper does have something to do with the appearance of the cigar; but the flavor comes from the filler and the binder. It certainly does not come from the wrapper. The wrapper, however, does have a very great effect upon the

appearance of the cigar, but not upon its real merits or intrinsic quality.

Mr. President, it is perfectly plain if the duty shall be placed high enough on Sumatra wrapper, we shall give to the American farmer a chance to produce more wrappers. That is perfectly clear. No one is asking for any great increase of duty; so far as I know, no one is asking for anything more than the House placed in the bill; but admittedly that increase is not enough to raise the price of a 5-cent cigar to the consumer, nor would a decrease, such as the Senator from New York has proposed, be sufficient to lower the price of the 5-cent cigar to the consumer.

The question is, Can we give to the American producer of wrappers more of his market. That is the question we must decide in this case. If it be true, as the Senator from Kentucky seems to believe, that we can not use the domestic-grown wrapper, and that it would do no good, therefore, to increase the rate and especially it would do harm if we increase it too high, then, of course, there should be no increase in the duty on this product. Now, let me read a letter.

Mr. JOHNSON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from California?

Mr. GEORGE. I yield to the Senator from California.

Mr. JOHNSON. I merely want to correct, if I may, what the Senator said, I think, in reference to myself a moment ago concerning the wrapper. I confess that I am not an expert on 5-cent cigars, and I do not speak from personal knowledge at all concerning what the Sumatra wrapper does; but an expert, who happens to be a friend of mine and who is in the business, sends me this, which, if the Senator will permit me—it is but a line—I will read, which will account for the statement which I made.

Mr. GEORGE. I yield to the Senator.

Mr. JOHNSON. I read as follows:

Sumatra wrapper is a necessary component part of a nickel cigar. It makes the nickel cigar popular, it being firmly contended and established that to make a nickel cigar which will appeal to the taste of the average smoker it must, in conjunction with domestic filler and domestic binder, use a Sumatra wrapper, which gives it appearance and aroma and taste.

That was my authority for the statement which I made.

Mr. GEORGE. Yes. I knew the Senator had some authority on which he based the statement, but I fear there is not anything in the Senator's authority. If the Senator will examine the facts, he will find that there is not anything in the claim as to taste. If he were blindfolded or put into a dark room the most highly skilled expert in judging tobacco could not tell the difference between a domestic wrapper perhaps and the Sumatra tobacco wrapper; but there is a difference in appearance.

Mr. JOHNSON. What I have read is exactly what the manufacturer of the 5-cent cigar advises us.

Mr. GEORGE. I am certain of that.

Mr. JOHNSON. I would not want to undergo the experiment with the Senator to determine the question, I confess; and so I accept what is said in the letter and what the Senator says as well.

Mr. GEORGE. Any number of letters can be obtained from users of Sumatra wrappers to that effect, just as users of English clay who will say that they can not use the domestic clay, and just as there are many users of the products of California who will assert that they are not so good as the imported products. We have to allow for the interest of a witness, as the Senator and I both know.

Let me read a letter which is a very illuminating one and which, by the way, comes from St. Paul, Minn., which is in a territory removed from the section where wrapper tobacco is produced. The letter is from a cigar manufacturer who evidently believes in a very high protective tariff; he believes in an embargo tariff; but, nevertheless, he states the facts very well and I invite the attention of the Senator from California to the facts which he sets forth. He says:

In the current issue of the tobacco trade papers I have read an abbreviated report of the proceedings before your committee—

This letter was addressed to the Finance Committee—relative to the duty on wrapper tobacco.

In reading over the arguments I note that statements have been made repeatedly that a Georgia and Florida shade-grown wrapper can not be successfully used as a wrapper on a 5-cent cigar. The experience of the Worch Cigar Co.—

The name of the writer of this letter—

in my opinion proves that statement to be entirely incorrect.

The brief of the domestic wrapper growers stated that over 600,000,000 5-cent cigars, wrapped with Florida and Georgia shade-grown tobacco, are successfully sold annually in the United States.

I call attention to the fact that 600,000,000 is a considerable number—

In support of this testimony I wish to state that my company has successfully marketed 5-cent cigars wrapped with Florida and Georgia shade grown since 1921. During that period the cigars of my manufacture, so wrapped, have been a leading—if not the largest—5-cent seller on the market where it is sold, and that is the Northwest. It has had to compete successfully with every 5-cent cigar of national distribution, whether wrapped with Sumatra or otherwise. I respectfully submit that this proves conclusively that Georgia and Florida shade-grown wrapped 5-cent cigars can and do compare favorably with the same priced cigars wrapped with Sumatra.

The Northwest is not a market all its own; the manufacturer selling cigars here has other competition besides the cigars made in this market. In fact, this market has practically all the competition that any market has in the United States. How, then, could my cigar, wrapped with Florida and Georgia shade grown, successfully compete with Sumatra-wrapped cigars, and not only successfully compete but lead the market for eight years, if Florida and Georgia wrappers were inferior?

I ask the attention of the Senator to this statement:

Eastern manufacturers have repeatedly come up here with extensive advertising campaigns and with the idea of capturing the 5-cent cigar business. In many cases their cigars were wrapped with Sumatra tobacco and in most of the cases they have failed. Some of the very manufacturers who testified before the committee to the effect that they would be glad to use Georgia wrappers if they could have come into this territory with a heavy advertising campaign. Their cigars were wrapped with Sumatra and their intention was to take the market away from our 5-cent cigars and others. Our cigars were wrapped with Georgia; theirs were wrapped with Sumatra; but they failed to capture the market because the consumer preferred our cigar.

It may be that the situation of the manufacturers who have appeared before your committee with statements to the effect that Georgia and Florida wrappers can not be successfully used on 5-cent cigars is much the same as mine was about 10 years ago when I held that very same belief. However, economic conditions during the war forced me to use a Georgia and Florida wrapper, and to my surprise I found it entirely satisfactory and have been using it generally since.

In reading the briefs contained in some tobacco papers it would seem that those opposing the raise in duty on wrapper tobacco have taken the position that such a raise would force manufacturers of 5-cent cigars to pay less for their filler and binder tobacco, and that such a raise would therefore injure the farmers of sun-grown tobacco in Connecticut, Pennsylvania, and Ohio. We believe that this position is not well taken, because, as our experience shows, the consuming public is quite as willing to smoke Georgia-wrapped 5-cent cigars as they are Sumatra-wrapped cigars, providing all conditions are equal otherwise.

That being the case, it would be entirely practical for manufacturers of 5-cent cigars to use Georgia and Florida wrappers with a resultant saving of approximately \$2 per thousand for the manufacturers who had previously used Sumatra. This saving of \$2 per thousand would enable the manufacturers of 5-cent cigars to pay more for their binder and filler tobacco and not less, and therefore, would be of great benefit not only to the shade-grown raisers of cigar leaf but also to the sun-grown raisers.

It is possible, however, that the raising of the duty on wrapper tobacco to so high a point as to prohibit its importation for 5-cent cigars would, perhaps, work some injury to the manufacturers making cigars of that class, on account of the suddenness of the change, and for no other reason.

This is the judgment of a manufacturer of 5-cent cigars.

We would therefore respectfully suggest that the duty on imported wrapper tobacco be raised \$1 per pound over the present rate.

The House raised the rate only 40 cents a pound over the present rate, yet the Senate Finance Committee cut it down to the present rate; and our good friend the Senator from New York [Mr. COPELAND], who does greatly sympathize with the farmer, wants to reduce it still below that rate.

Mr. President, I am not going to read the remainder of the letter. The last paragraph of it refers to the reduction in the internal revenue, to which the Senator from Kentucky has referred; and that is, of course, pointed out as having a material bearing upon this problem.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Georgia yield to the Senator from New York?

Mr. GEORGE. I yield to the Senator.

Mr. COPELAND. Here we have a product the price of which is fixed at 5 cents. That seems to be the great ambition not

only of the late Vice President, Mr. Marshall, but also of the public. The Senator from Kentucky figured out that the decrease which I recommended would amount to about one-eighth of 1 cent per cigar. That is right, is it not?

Mr. SACKETT. That is what I get from the experts.

Mr. COPELAND. If that is going into the pocket of the manufacturer, if he is going to make just that much more money, I have not a word to say in favor of my amendment; but my observation of an article which is fixed in price and sale is that if the producers of the raw materials or the labor involved in manufacturing the article approach the manufacturer, he says at once, "I can not afford to pay you more for your raw materials or you for your labor." There certainly would be the chance, with an eighth of a cent more on each cigar, for the producer of the binder and filler to get a higher price than he gets now. He would have at once the argument, "You are getting more for your product; you are making more on your product; you must pay us more."

Likewise the labor would have the same demand.

I do not think we can assume that the manufacturer can get away with this extra profit. I think he must share that with the large numbers of tobacco raisers in America as well as with the labor employed in these factories; and if the argument used now against a higher price for binder and a higher price for labor is, "We can not afford it," we have demonstrated here by the argument this morning that the manufacturer can afford it, because he is going to make more profit. That is the way it seems to me.

If we were damaging at all the domestic grower of wrapper tobacco by decreasing this rate, I would not stand for it at all as one who votes in the Senate; but he is not to be harmed. He is going to get just as much for his product, and the Senator from North Carolina [Mr. SIMMONS] has pointed out that at least half the 5-cent cigars sold in this country are wrapped with Georgia or Florida or Connecticut wrappers.

There is, however, as one of my correspondents pointed out, a taste—I do not know whether it is a taste which relates to the flavor of the tobacco or because it appeals to the eye—there is a demand for the Sumatra-covered 5-cent cigar. If the Senator from Georgia were right in his contention that the manufacturer would make just that much more money, I should be with him; but it seems to me that we have offered the tobacco farmer and the worker in the tobacco factory an opportunity to ask for some division of this increased profit which the manufacturer will make if the rate is reduced.

Mr. SACKETT. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. The Senator from Georgia has the floor. Does he yield to the Senator from Kentucky?

Mr. GEORGE. I yield to the Senator.

Mr. SACKETT. I desire to ask the Senator from Georgia a question. The letter which he read comes from Pennsylvania, does it not?

Mr. GEORGE. No; from Minnesota. I will say to the Senator that this is only a copy. It came to all Members, but I understand that it came from Minnesota. It is from the Worch Cigar Co.—Albert Worch, president—St. Paul, Minn.

Mr. SACKETT. This is the question I wanted to ask: The letter says directly that the manufacturer of 5-cent cigars, if he used the domestic wrapper, would save \$2 a thousand compared with the Sumatra wrapper. That statement is made in the letter, is it not?

Mr. GEORGE. Yes; that is correct.

Mr. SACKETT. That is a protection of \$2 a thousand for wrappers on the tobacco grown in this country as against the imported tobacco.

Mr. GEORGE. Yes; it is that much cheaper for him to use it.

Mr. SACKETT. May I ask the Senator if that is not enough protection to insure the use of domestic wrappers by all cigar makers who want to use domestic wrappers or are willing to do so?

Mr. GEORGE. Let me ask the Senator a question. If there were no duty at all on Sumatra wrappers, in his opinion would there be any production of wrapper tobacco in this country?

Mr. SACKETT. I doubt very much if there would be, because I believe that Sumatra wrapper makes a very much better appearing cigar.

Mr. GEORGE. Yes.

Mr. SACKETT. And I think the gentleman who writes this letter probably would prefer the Sumatra wrapper under those conditions.

Mr. GEORGE. If there were no duty?

Mr. SACKETT. If there were no duty.

Mr. GEORGE. Yes. So that whatever part of the production we have gotten in this country for the domestic producer would disappear if the duty were entirely taken off.

Mr. SACKETT. It would disappear; yes. Now, however, we have a duty which amounts to \$2 a thousand on cigars.

Mr. GEORGE. Yes.

Mr. SACKETT. It seems to me we are going pretty far when we contemplate raising even that duty, because apparently there are people in this country who want a 5-cent cigar and want it in Sumatra wrappers, because, with \$2 a thousand against it, unless it were the desire of the purchaser, they would all go to the domestic wrappers.

Mr. GEORGE. That is probably true.

Mr. SACKETT. I think the testimony we had showed rather clearly that if the duty on Sumatra wrappers were increased to the amount that the House put on it, all the manufacturers who are now using Sumatra wrappers would not be able to continue to use them, because the total cost of production per thousand would be raised sufficiently to wipe out what margin of profit there is.

Mr. GEORGE. I do not agree with that conclusion.

Mr. SACKETT. That is what seemed to me to be a pretty fair inference from the testimony we got. With a \$2 protection per thousand cigars—and that is very little; that is 20 cents a hundred; that is a fifth of a cent apiece protection upon those cigars—I do not believe the use of the domestic product is going to be increased any by simply increasing that protection. I think the number of 5-cent cigars that this country is able to produce and sell is going to be decreased, and I do not believe there will be any other result.

Mr. HARRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Georgia yield to his colleague?

Mr. GEORGE. I do.

Mr. HARRIS. I should like to ask the Senator from Kentucky a question before making a brief statement on this subject: How much wrapper tobacco is made in Kentucky?

Mr. SACKETT. I really do not know, Mr. President. I do not believe we raise any of this domestic wrapper tobacco that competes with the Sumatra wrapper.

Mr. HARRIS. None of the kind we are discussing?

Mr. SACKETT. No. I was interested simply as a member of the committee, and because of a great desire on my part to do everything I can for the tobacco grower in this country, because I believe he has been suffering from a very active competition. If I could see an opportunity to increase his returns materially by changing this rate I should be very glad indeed to do it; but I am afraid that if we change it we will upset the balance which has been so nicely adjusted now, which allows a production such as we have, which is half of the amount used on cigars, and yet maintains the manufacture of the 5-cent cigar, which is a great boon for the sellers of the binder and filler in this country.

Mr. HARRIS. Mr. President, I should think the statement of some of the largest manufacturers of 5-cent cigars would be convincing to the Senator; and I desire to add, if my colleague will permit me, a statement here that proves conclusively what he has said about the 5-cent cigar. It is a statement in the tariff hearings before the House Ways and Means Committee in reply to Congressman CRISP's question, and it is made by Mr. Brooks, of York, Pa., representing the York County Cigar Manufacturers' Association. They make one-fifth of all the 5-cent cigars in the United States, so what he says should be authority on the subject and convince anyone that the raise in this rate would not prevent 5-cent cigars from being manufactured.

Mr. Brooks makes this statement:

STATEMENT OF T. E. BROOKS, YORK, PA., REPRESENTING THE YORK COUNTY CIGAR MANUFACTURERS' ASSOCIATION

Mr. BROOKS. Mr. Chairman and members of the committee, I represent the York County Cigar Manufacturers' Association, an association composed of about 90 cigar manufacturers and allied industries.

We made a total of 670,000,000 cigars in 1928, of which something over 600,000,000 were 5-cent cigars.

Our association in 1928 made one-tenth of all the cigars made in the United States and one-fifth of all the 5-cent cigars made in the United States.

We employ about 9,000 people with an annual pay roll of \$7,000,000.

At least from 75 to 80 per cent of these cigars are wrapped with Florida wrappers. We have brands that have been on the market for 20 years, and their sale has been increasing every year. From 5 to 10 per cent of these cigars are wrapped with Connecticut shade wrappers.

Our internal revenue paid to the United States Government last year amounted to approximately \$1,500,000, and our wholesale price of our cigars amounted to approximately \$22,000,000.

We favor an advance in the tariff duty on imported tobacco to about \$4 per pound. This change in the tariff regulations which we recommend we believe to be in keeping with the American principle of a protective tariff, so overwhelmingly expressed by popular vote in recent

months, with the desire of the American people to extend much-needed help to our struggling agriculture, to encourage individual initiative and private, independent enterprise, to uphold and protect the American standards of living, and in particular, with the means and efforts of the growers of domestic cigar wrapper leaf tobacco and a large percentage of independent cigar manufacturers, to save their respective private industries from gradual ruin and extinction.

The cigar industry of York County is primarily devoted to the manufacture of 5-cent cigars and built upon tobaccos grown in the United States of America. By far the greater portion, at least 85 per cent, as I said, of the cigar wrappers used by York County manufacturers is of the domestic type.

The American growers of this tobacco form our main source of supply. Upon them depends largely the further continuance and development of our industry. Hence, anything which affects the well-being and the existence of the growers of domestic cigar wrapper tobacco will have its corresponding reaction upon the York County cigar industry. Their interests are mutual. Protection for the one spells a certain degree of safety for the other.

The growing importations of Sumatra and Java tobaccos, however, from the East Indian Islands are steadily endangering the very existence of the cigar-wrapper tobacco-growing industry in this country. Indeed, if this foreign competition is permitted to continue unchecked our domestic growers will eventually be forced out of a business which has been their pride and mainstay of support for many years, and foreign syndicates and merchants again control the cigar-wrapper leaf market in this country at the expense of the American farmer.

Then domestic-wrapper tobacco is an outstanding characteristic of the York County 5-cent cigar, a gradual decline in and the ultimate extinction of this industry for growing such tobacco will mean a serious blow at the life and safety of the York County cigar industry.

The present rates of duty on Sumatra and Java tobaccos is proving an entirely inadequate protection for our farmers who are growing wrapper tobacco. Of course, a further reduction in the rate of duty is out of the question, as it would be even more disastrous in its results to our farmers.

In consequence thereof, we are favoring a minimum duty of \$4 per pound on imported cigar-wrapper tobacco, with the firm conviction that such a revision would afford sufficient assurance to our farmers against foreign competition and restore this particular tobacco-growing industry upon a sounder economical basis of higher efficiency and more satisfactory, adequate profits.

Of course, the ethical principle of self-protection is underlying our argument. In protecting the farmers, who grow the tobacco upon which we cigar manufacturers so much depend, we keep ourselves in business.

Mr. BACHARACH. You do not raise tobacco?

Mr. BROOKS. No, sir.

Mr. BACHARACH. You are just a cigar manufacturer?

Mr. BROOKS. Yes, sir.

Mr. BACHARACH. Eight years ago, for what did you sell your cheapest cigar?

Mr. BROOKS. Eight years ago?

Mr. BACHARACH. Approximately that. Did you have a 5-cent cigar then?

Mr. BROOKS. Yes, sir. That is the only thing we made.

Mr. BACHARACH. During the time the other manufacturers were not making them, did you have a 5-cent cigar?

Mr. BROOKS. Individually, that is the only cigar I make—a 5-cent cigar.

Mr. BACHARACH. You people do make a lot of cigars which sell for less than 5 cents?

Mr. BROOKS. No, sir.

Mr. BACHARACH. At one time you did?

Mr. BROOKS. Not in the last eight years.

Mr. BACHARACH. But you did. When the other people could not sell their 5-cent cigars, you were selling yours?

Mr. BROOKS. Prior to the war? Yes, sir.

Mr. BACHARACH. I was wondering whether your two-fors were raised to a nickel?

Mr. BROOKS. No, sir. We make a different grade cigar.

Mr. CRISP. You stated that you represented the producers of over 600,000,000 cigars.

Mr. BROOKS. Yes, sir.

Mr. CRISP. And a very large per cent of those were 5-cent cigars.

Mr. BROOKS. Yes, sir. Practically all of them.

Mr. CRISP. And that you manufactured one-fifth of all the 5-cent cigars manufactured in the United States.

Mr. BROOKS. Yes, sir.

Mr. CRISP. And that you have used extensively the Florida and Georgia grown wrappers?

Mr. BROOKS. Yes, sir.

Mr. CRISP. Have you had any complaint from your customers as to the quality of the cigars, by virtue of your having used these wrappers instead of the imported Sumatra wrappers?

Mr. BROOKS. We have not.

Mr. CRISP. Has your business grown?

Mr. BROOKS. It has.

Mr. CRISP. To what extent?

Mr. BROOKS. Well, I suppose in the last 10 years it has trebled.

Mr. CRISP. And during that period you have used these wrappers?

Mr. BROOKS. Yes, sir.

Mr. CRISP. It has been no handicap to you?

Mr. BROOKS. No, sir. I could give you a little illustration, if you wanted to have it.

Mr. CRISP. I would be glad to have it.

Mr. BROOKS. About four years ago, in order to test out the merits or demerits of the Florida-grown wrappers and Sumatra wrappers, I had one of my salesmen make a trip of about three weeks, and I gave him duplicate samples of cigars, one with a Florida wrapper and the other with a Sumatra wrapper. I instructed him to show those samples to all the customers that he possibly could during that trip, but he should not tell them whether there was any difference; and if he made a sale he should ask the customer which of these type wrappers he preferred.

As I recall the figures at this time, he showed the samples to about 70 people, and out of the 70 people 2 people picked the Sumatra wrapper.

Mr. CRISP. About how many cigars of your manufacture are wrapped with the Florida wrapper?

Mr. BROOKS. Do you mean mine individually?

Mr. CRISP. No; the interests you are representing.

Mr. BROOKS. Over 600,000,000.

Mr. CRISP. They are wrapped with the Florida wrapper?

Mr. BROOKS. No, no. I beg your pardon. There were over 600,000,000 5-cent cigars made in York County in 1928, and 75 or 80 per cent of those were wrapped with the Florida wrapper.

Mr. CRISP. Then, of course, you do not agree with other witnesses that have appeared before this committee, stating that the domestic wrappers were inferior to the imported Sumatra wrappers and that it is uneconomical for them to use the domestic wrappers because the inferior quality interfered with their business?

Mr. BROOKS. I do not.

Mr. TREADWAY. Following up the same line of inquiry, I would like to have your experience with the Connecticut Valley wrapper.

Mr. BROOKS. I have never used very many of them. I have not used over a thousand pounds in my life.

Mr. TREADWAY. You do not speak as an expert so far as the use of the Connecticut Valley wrapper is concerned?

Mr. BROOKS. No, sir.

Mr. TREADWAY. Do you ever hear among your associates in the tobacco business how they regard the Connecticut Valley wrapper?

Mr. BROOKS. I yesterday bought 50 bales to try it out.

Mr. TREADWAY. Of the Connecticut wrapper tobacco?

Mr. BROOKS. Yes, sir.

Mr. TREADWAY. So that you are willing to experiment, at least, to see what the quality of that wrapper is as compared with the Sumatra wrapper?

Mr. BROOKS. Yes, sir.

Mr. TREADWAY. And, of course, if the duty is lowered, as we have been requested to lower it, it will make the Sumatra wrapper just that much cheaper, would it not?

Mr. BROOKS. Yes, sir.

Mr. TREADWAY. And it would come directly into competition with the Florida wrapper and probably with the Connecticut Valley wrapper, if you are going to use some of them?

Mr. BROOKS. Yes, sir; there is no doubt about that.

Mr. WATSON. It has been testified that there were 5,400,000 cigars made that cost 20 cents and over. What percentage of domestic tobacco is used in those high-priced cigars?

Mr. BROOKS. I do not know.

Mr. WATSON. You do not know?

Mr. BROOKS. No, sir.

Mr. WATSON. Do you use machinery in your factory?

Mr. BROOKS. No, sir; everything is handmade.

Mr. WATSON. They are all handmade cigars?

Mr. BACHARACH. I want to ask you whether you think you will ever come to using machinery instead of making your cigars by hand?

Mr. BROOKS. I wish that you could answer the question for me. I have been considering it. We have all been considering it. I mean the larger manufacturers in York County have been considering it, and the machinery men have been there and have made us all kinds of propositions to try them out; but we have a certain number of people there who have been making their living making cigars, and we realize if we introduced machinery we would put a lot of those people out of employment and possibly, because of some civic pride—we sort of pride ourselves—

Mr. BACHARACH. Just one other question. The statement was made here this morning by, I think, everyone that was manufacturing 5-cent cigars that they did not use the Connecticut Valley wrapper tobacco because it was too expensive for that purpose. I want to find out what you think of it. You say that you bought 50 bales?

Mr. BROOKS. I happened to buy 50 bales at a pretty decent price, at such a price that I could use that on 5-cent cigars.

Mr. BACHARACH. So it can apparently be used for 5-cent cigars?

Mr. BROOKS. At the price that I bought these particular lots; yes, sir.

Mr. GARNER. If the internal-revenue tax on the cigar is not increased and the parcel-post reciprocity arrangement with Cuba is not made, you can continue in your business under present conditions at a profit?

Mr. BROOKS. A reasonable profit, providing we can continue to secure the same grade of wrapper tobacco we are now buying at about the same price we are now paying.

Mr. GARNER. And you are willing to live under present business conditions?

Mr. BROOKS. Yes, sir.

Mr. CHINDELOM. You said that you sent a man out who saw 70 dealers or 70 purchasers, and you instructed him to bring back a report with reference to those who gave orders?

Mr. BROOKS. Yes, sir.

Mr. CHINDELOM. And two of them took the Sumatra wrapped cigar?

Mr. BROOKS. Yes, sir.

Mr. CHINDELOM. How many of them picked the other wrapper?

Mr. BROOKS. I can not exactly tell you. Possibly 30.

Mr. CHINDELOM. You rather left the inference that the other 68 had picked the other wrapper.

Mr. BROOKS. No; they did not all buy. About 30 of them, as I recall at this time, bought. That just came to my mind when the question was asked me a little while ago.

Mr. WATSON. One witness said that he thought that the use of machinery would not decrease the number of cigar makers. You think, however, that the employment of machinery would put a great many cigar makers out of employment?

Mr. BROOKS. Undoubtedly.

Mr. WATSON. That is what I wanted to get for the record.

Mr. GILLETT. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. GILLETT. I was attracted by the remark of the Senator from California that he would not like to be the one to make the test between the domestic wrapper and the Sumatra wrapper. I think the Senator exaggerates the disagreeable experience that would occasion.

Mr. President, I grew up in a region where the Connecticut Valley wrapper grows, and consequently I used to smoke cigars in which that wrapper was used, probably induced partly by local prejudice, and partly by economic motives, and they gave me great satisfaction. I think the taste for tobacco is largely a matter of habit, for I know for years I was quite satisfied with the domestic wrapper. I will agree that later, as my finances improved, I acquired a different taste, but it was not for Sumatra tobacco.

I think the Senator is mistaken in believing that a domestic wrapper does not make a palatable and an agreeable smoke.

Mr. GEORGE. Mr. President, the Tariff Commission ought to be very good authority on that point. For the benefit of the Senator from California, I will read just a few lines from the Tariff Commission:

After the cigar is put together and shaped, it is finished off with a wrapper cut from a specially selected wrapper leaf. Since the wrapper constitutes but a small portion of the weight of the whole cigar, sometimes less than one-tenth, it has but a small part in determining the taste, aroma, or smoking quality.

Then it is pointed out that the wrapper does, however, determine the attractiveness of the cigar, and the appearance of the wrapper leaf, therefore, is more important than its flavor or than its aroma.

This, I think, ought to be accepted as authority, because it is neither a manufacturer nor a producer now speaking:

The best wrappers are neutral in taste, burn evenly, and are characterized by a satiny smoothness, uniformity of color, absence of large conspicuous veins, etc.

So it is not a question of taste, it is really a question of appearance.

Mr. President, let me say this before I sit down; the wrapper tobaccos are grown in the United States principally in the Connecticut Valley, in Florida, and in Georgia. It so happens that Georgia produces a smaller quantity than any of the States interested. We do produce a great deal of tobacco in Georgia, but it is mostly cigarette tobacco. Only in a very few counties, near the Florida line, is the wrapper tobacco grown.

I want to reiterate what I have said, that it is the same old story, that the domestic product is not as good as the imported product, and as long as there are domestic manufacturers who are using the imported product, they will make that assertion,

and as long as they retain their influence upon those who supply them with their raw material, they will be able to get some of their customers to agree to it. But time after time in the consideration of the agricultural schedule I voted for increased rates upon western farm products when I could have brought abundant evidence here to show that they could not produce the necessary quantities of the product, and that in many instances the product was not as good as the imported product. But I put those arguments aside, and I have taken the case as I have found it, and if I believe that an increase in the duty can give to the farmer more of his market, not a higher price, necessarily, but more of his market, then I am going to vote for an increased duty.

I am not insisting, myself, that this duty should be placed as high as the producers wanted it, because obviously it could be gotten high enough to destroy the industry, just as any other duty may be made high enough to greatly retard the sale advantages of the merchandise, but if the producers of wrapper tobacco can be given more of the American market by a slight increase in the duty, then I think they ought to have more of that market, and it would not eliminate the Sumatra tobacco from the market.

Mr. BINGHAM. Mr. President, it has been stated that if it could be shown that the American farmers producing the wrapper tobacco felt that this would actually help their business, and if it could be shown that farmers producing binder tobacco were not opposed to the increased duty on wrapper tobacco, there would be no objection.

The Senator from Georgia has clearly brought out the fact that the increase granted by the House, from \$2.10 to \$2.50, would only increase the cost to the manufacturers of a 5-cent cigar one-eighth of a cent, and would not increase the cost of that cigar to the public at all.

I have before me evidence that tobacco farmers, particularly in the Connecticut Valley, feel the same way as do those who have been spoken of by the Senator from Georgia, and also by the Senators from Florida, that they need a greatly increased duty on the Sumatra wrapper, which is produced by coolie labor and which seriously affects the market.

I have before me a letter from the Governor of Connecticut referring to a resolution which I shall ask to have read in a moment. The governor, under date of August 8, at a time when a special session of the Legislature of Connecticut was called in order to take care of sundry bills which had been signed too late to meet the approval of the State supreme court, wrote me as follows:

The inclosed resolution was prepared by the tobacco interests of the State, and they desired very much to have it introduced at the special session of the legislature which was held on Tuesday of this week. However, as the call for the special session confined the action of the general assembly to one specific act, and also by constitutional limitation no other business could be introduced, it was found impossible to introduce the inclosed resolution. I believe, however, had it been possible to introduce the resolution it would have been passed unanimously, and I think I am safe in saying that had the session not been for a special purpose and had been open to other business there would have been no question as to the passage of this particular resolution, from the information that I gather.

I have been asked to forward it to you as expressing the sentiment of the tobacco interests here in Connecticut in connection with the proposed tariff.

I ask that this resolution may be read at the desk.

The PRESIDING OFFICER. Without objection, the clerk will read.

The legislative clerk read as follows:

STATE OF CONNECTICUT, GENERAL ASSEMBLY,
January Session, A. D. 1929.

Resolution requesting Congress to increase the protective tariff on wrapper tobacco

Resolved by this assembly:

Whereas tobacco constitutes the most important money crop in this section of the Union, and at least \$100,000,000 has been invested in this enterprise; and

Whereas this great agricultural industry did prosper, flourish, and increase for a period of 35 years prior to the year 1920 under a sufficient protective tariff; and

Whereas since the period of 1920, on account of insufficient protective tariff, this industry has been sustained at a loss so that a great number of the farmers are bankrupt; and

Whereas this condition has been brought about by not having the customs tariff increased in proportion to the increased cost of production; and

Whereas the tobacco farms, warehouses, and equipment throughout New England are of great value for the production of tobacco, but for no other purpose; and

Whereas the New England tobacco industry gives steady employment to from 15,000 to 20,000 unskilled laborers throughout the year on the farms and in the warehouses at attractive wages; and

Whereas the act of 1922 provided a rate of \$2.10 per pound on unstemmed wrapper tobacco and \$2.75 per pound on stemmed wrapper tobacco (paragraph 601); under the House bill (H. R. 2667) the rate on the former was increased to \$2.50 per pound and on the latter to \$3.15 per pound; and the rate given in the House bill was not enough to give adequate protection to domestic wrapper producers: Therefore be it

Resolved, That the General Assembly of the State of Connecticut requests our Senators and Representatives to bend their every effort to secure the revision of Schedule 6, paragraph 601, of the existing tariff law so that the duty on wrapper tobacco imported from foreign countries shall give us the same protection as we had prior to 1914; and be it further

Resolved, That a copy hereof be sent to our Senators at Washington with the request that they use their best efforts to secure the desired increase of the tariff on wrapper tobacco, so that our industry may once more become a means of livelihood for our farmers.

Mr. BINGHAM. Mr. President, that resolution was not passed by the general assembly, because the extra session of the general assembly was called for a specific purpose, and it was held best not to permit any resolutions or any other business to be introduced. I call attention to the fact that the Governor of Connecticut in his letter states that had the resolution been introduced it would have been passed. It was the general opinion of the members of the legislature that this increase which we are asking for was necessary.

I should like now to quote from a telegram received from Mr. Fred B. Griffin, president of the Connecticut Leaf Tobacco Association, as evidence of the fact that the tobacco farmers, who mostly raise binder tobacco, are in favor of this increase on the wrapper tobacco.

The argument has been repeatedly made on the floor this morning that the reason why certain Senators from States which do not raise wrapper tobacco, but which raise filler tobacco or binder tobacco, were opposed to this increase, was that it was feared that if the manufacturer had to pay more for his wrapper he would pay less for his binder, and therefore their business would suffer.

It has also been stated by the Senator from New York that it was his opinion that if the rate on wrapper tobacco were lowered the manufacturers would be willing to pay more for the binder. As a matter of fact, I think everyone who is familiar with the binder-tobacco industry, which is one of the largest industries in the Connecticut Valley, knows that the reason why binder tobacco is cheap is that there has been an overproduction. The price is regulated by the competition between those who raise binders. It was necessary for the Connecticut Valley Cooperative Tobacco Growers Association two or three years ago to take action voluntarily reducing their acreage by about 25 per cent because they were producing more binder than than could be sold.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BINGHAM. I will yield in just a moment. I have here a letter showing that the tobacco acreage in the last four years has dropped practically 1,000 acres in the State of Connecticut alone. I would like to quote a telegram from the president of the Connecticut Leaf Tobacco Association to show that the members of the association and the growers of stalk tobacco in the valley are in favor of an increased duty on the wrapper. They apparently do not believe that it would hurt their business. I would like to read this telegram, and then I shall be glad to yield to my friend from New York. The telegram bears date September 18, and reads:

The growers of stalk tobacco in the Connecticut Valley are in a deplorable condition. They have had indifferent crops these last few years, and this season the broad-leaf section has been almost ruined on account of severe hailstorms.

May I interpolate to say that the hailstorms referred to did damage of several million dollars, and it is with the greatest difficulty that the tobacco farmers are getting along at all?

It is going to be a very difficult matter for the great majority of farmers in this State to be able to grow a crop of tobacco during the season of 1930. They must have some financial help and also encouragement that they will find a better market for their product. We believe an increase in the present rate of duty to \$3 per pound would be a great benefit to them. We urge you to use your best efforts in

this direction. A 5-cent cigar with a seed wrapper will unquestionably make a finer quality of cigar than with a Sumatra wrapper. This is a statement that no tobacco expert can sincerely deny.

FRED B. GRIFFIN,
President Connecticut Leaf Tobacco Association.

Mr. SIMMONS. Mr. President, will the Senator yield?

Mr. BINGHAM. I promised to yield to the Senator from New York, which I must first do, and then I shall be glad to yield to the Senator from North Carolina.

Mr. COPELAND. Mr. President, I am quite surprised at what the Senator from Connecticut says about the attitude of growers in his State because I hold in my hand a letter from the tobacco committee of the cooperatives, and included in those are the growers of Connecticut. The letter states that they represent 60,000 growers of the Miami Valley, in Wisconsin, Connecticut, and New York, producing 150,000,000 tons of tobacco. Of course, the growers in the valley of Connecticut spoken of by the Senator are not the growers of the wrappers so much as they are growers of the binders.

Mr. BINGHAM. That is true. May I say to the Senator that there is a difference of opinion in Connecticut, quite a small minority of the growers opposing the increase. The majority are in favor of the increase on wrapper tobacco. The association to which he has just referred includes growers of binders in the States of Wisconsin, Ohio, and the other places which he has mentioned. Many of them are afraid of the increase on wrapper tobacco. On the other hand, the New England Tobacco Growers' Association, through Mr. William J. Hayes, president, sent me this telegram as representing the sentiment in New England:

We as an association are highly in need of more tariff on New England tobacco, and at our meeting with more than 500 growers present passed a resolution asking Congress to give us needed protection, while certain manufacturers interested in importing Sumatra tobacco have had men through the valley telling the farmer if he would favor a lower tariff they could and would pay more for binders.

Apparently there has been some lobbying going on up there. There has been some propaganda through the valley. Propagandists have been sent out by the manufacturers telling the farmers that they are going to pay more for the binder. The telegram continues:

They have sold very few this idea if we could have the wrapper business for 5 and 7 cent cigars for our sun-grown tobacco we then could sell binders right and make a profit. Our farmers are in a bad way with the very bad storm.

May I say it did damage to the extent of \$3,000,000 in Hartford County alone?

They are very much discouraged and all looking for some way to get Government aid. You and I know we can not live on the Government, and farmers as a rule are used to lots of hard knocks. If you could secure for us a duty of not less than \$3 per pound on imported wrappers, there is no doubt but what it would put our tobaccos on a profitable basis again. It is impossible to finance or continue on the present basis every year prices at cost or below. It means not only prosperity to farmers but our merchants and towns in which they live.

NEW ENGLAND TOBACCO GROWERS' ASSOCIATION,
WILLIAM J. HAYES, President.

Mr. COPELAND. Mr. President, if the Senator will bear with me, the only way the thing could be accomplished that the writers of the telegrams wish to have accomplished is by an embargo, a price so high as actually to place an embargo upon the foreign wrapper.

Mr. BINGHAM. I am not asking for an embargo. I am merely asking for a raise of 40 cents a pound over the present rate which the House of Representatives granted and not anywhere near what the farmers believe would be advantageous to them.

Mr. SIMMONS. That is, the Senator is asking for an increase of 40 cents above the present duty of \$2.10?

Mr. BINGHAM. Yes.

Mr. SIMMONS. Will the Senator tell me what Connecticut Valley tobacco has been selling for on an average this year?

Mr. BINGHAM. I am not familiar with what it has been selling for this year. I know on account of the hailstorm referred to we have had a very large part of the crop damaged, and I know since the Senator aided in reducing the excise tax on the cheaper cigars it has increased the use of the 5-cent cigar very materially. That and the very high-priced cigars, I am informed, are the only cigars whose use is materially increasing.

Mr. SIMMONS. I have some governmental statistics here, at least they are given to me by the Actuary of the Treasury Department, the highest authority in the country, I believe. He informs me that the figures show that Connecticut tobacco sold last year at an average of \$1 a pound. I want to ask the Sena-

tor as a high protectionist, how he can justify raising a duty already \$2.10 a pound upon a foreign product that sells in our own market at twice what his product sells for? Upon what principle of protection can that be justified? With the present duty on foreign tobacco that would come in competition with the Senator's tobacco, that foreign tobacco sells in this country duty paid for as high as \$4.50 a pound, while Connecticut tobacco sells at \$1 a pound. Does it not seem to the Senator that half of that rate is for revenue and that that is enough protection? The duty is twice the selling price of his tobacco. The price of the foreign tobacco is twice as high and the duty is twice as high as the selling price of the Connecticut tobacco.

Mr. BINGHAM. I can only say to the Senator that it happens that in his State, where they raise more than half of the tobacco raised in the United States, they are very fortunate in their climate and soil which have combined to produce a kind of tobacco which is in great demand for cigarettes. The use of cigarettes is increasing enormously all over the world, and it has brought prosperity to his State and I am extremely glad of it. But it happens that in Connecticut and in the Connecticut Valley it is impossible to raise tobacco which is used in cigarettes. We raise binder and wrapper tobacco. In the Senator's State they do not raise an appreciable amount of wrapper and binder tobacco. It so happens that the farmers of Connecticut Valley believe that they would be very much better off if they could have a rate of \$3 a pound, but I am not asking for that rate. I am merely asking for what the House believes was right to grant.

Mr. SIMMONS. The Senator is asking for a rate that is 300 per cent higher than the total price at which his product sells.

Mr. BINGHAM. Oh, no. Three hundred per cent added to \$1 would be \$4, and I am not asking for \$4. I am asking for \$2.50.

Mr. SIMMONS. It may be that I miscalculated the rate of percentage, but it is an enormous increase whether it is 200 or 300. It is more than 200 and less than 300. That is in the case of an article on which the foreign price in this market is twice what the Senator's product is selling for.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Georgia?

Mr. BINGHAM. I yield.

Mr. GEORGE. Let me call the attention of the Senator from North Carolina to the fact that the wrapping capacity of Sumatra tobacco is approximately twice per pound that of the domestic wrapper. In other words, about 2 pounds of Sumatra tobacco will wrap a thousand cigars, whereas it takes twice the number of pounds of domestic-grown tobacco to do it. Of course that fixes the comparative value of the two tobaccos.

Mr. SIMMONS. If the Connecticut tobacco were selling at \$2 a pound, the Senator from Connecticut has already an advantage more than equal to the whole selling price of his product.

Mr. GEORGE. Oh, yes; that is true.

Mr. COPELAND. Mr. President, if the Senator will yield at this time—

Mr. BINGHAM. I yield.

Mr. COPELAND. The maker of the 5-cent cigar could use the American wrapper if it were \$1 or \$2 a pound, certainly cheaper than they are now paying, but he does not do it because the demand is for the other wrapper. But in spite of the demand the proportionate consumption of the 5-cent cigar is materially less than it used to be.

Mr. BINGHAM. I wish to offer a comment in reply to the suggestion of my friend from New York that the domestic wrapper is not used. I have a letter from Congressman MENDES, of the twenty-second Pennsylvania district, dated October 8, 1929, in which he says that his people do use the domestic wrapper for 5-cent cigars and they ask that the duty on the imported wrapper be increased from \$2.10 per pound to \$3 per pound on the unstemmed wrapper, and to \$3.75 per pound on the stemmed wrapper. His letter continues:

Why do the users of this domestic-grown wrapper tobacco ask that the producers of it be given this increase of protection? Because they have developed a blend for making the 5-cent cigar composed of domestic-grown filler tobacco which, when wrapped with domestic-grown wrapper, makes a cigar which has successfully competed with the cigars wrapped with imported wrapper and will continue to do so as long as the domestic wrapper can be procured.

If the farmers who are now raising this domestic wrapper are driven out of the business—and there is danger of this being accomplished—the manufacturers in the first revenue district of Pennsylvania will be obliged to construct a new blend of filler adapted to the use of foreign-grown wrapper, create a demand for the cigar by accommodating it to the exacting taste of the smoker, and in this way make a larger demand for the foreign-grown wrapper, and then up will go the price

of a foreign-grown, corporation-controlled article and out will go the 5-cent cigar, accomplished by a debauchery of the protective system.

The granting of this increase of duty will protect the American tobacco growers, guarantee the continuous manufacture of the 5-cent cigar, in which business 20,000 people in my district are engaged and by means of which they maintain an American standard of living.

Inclosed herewith you will find a statement I presented to the Senate Finance Committee but which was not included in the printed tobacco hearings.

With the hope that you will use your influence toward the granting of this increase, I am

Very cordially yours,

FRANKLIN MENGES.

Mr. President, I ask permission that the statement accompanying the letter which I have just read may be printed at this point in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

I appear for the York County Cigar Manufacturers' Association of Red Lion, Pa., and in favor of an increase of duty on imported wrapper tobacco. This town is located in the first revenue district of Pennsylvania and in the twenty-second congressional district, which I have the honor to represent in the House of Representatives. The cigar manufacturers in my district produced 1,798,424,177 cigars in 1927, or 27.59 per cent of all the cigars manufactured in the United States. Of this number of cigars 950,022,758 were class A, or the 5-cent cigar, which amounts to 30.28 per cent of all the class A cigars manufactured in this country. In the manufacture of these cigars we use the domestic-grown wrapper tobacco produced in Connecticut, Massachusetts, Georgia, and Florida. The manufacturers in this district have blended this domestic wrapper tobacco with the filler tobacco in such a way that it makes a very desirable smoke, and because of this the industry has increased from a total production in 1918 of 711,819,610 cigars to a production in 1927 of 1,798,424,177 cigars. Such an increase would certainly not be possible if the cigars were made of an inferior quality of tobacco, as was represented by those who appeared in opposition to an increase of duty on the imported Sumatra and Java wrapper tobacco.

It is asserted by those who appeared in opposition to this increase of duty that if granted it would spell disaster to the nickel cigar business. We, who make one-third of all the nickel cigars made in this country, are willing to pay the additional price which would surely be imposed on the domestic product as soon as the law is passed and to continue to use the same good grades of filler tobacco as we are now using, and to go into the market and compete with those who are endeavoring to put us out of business. So-called "farmers" were induced to appear before the House Ways and Means Committee, and I suppose also before the Senate Finance Committee as well, asking for a reduction of duty on Sumatra wrapper tobacco in order that the nickel cigars might be improved in quality and the sale increased—the purported result of this reduction would be a greater demand for domestic filler and consequently a higher price would be paid for it. During the 10 years and longer for which I quoted statistics (see p. 1749, CONGRESSIONAL RECORD, 71st Cong., 1st sess.) the manufacturers in my district have used the domestic wrapper and have increased their sales enormously in competition with the Sumatra wrapped cigars. Surely, if the Sumatra wrapped cigars were of such superior quality, it should have had the effect of increasing sales of this cigar so enormously as to reduce the sale of the domestic wrapped cigar—this according to the statistics cited above, and which were secured from the Internal Revenue Bureau, has not been the case.

Another thing, should the duty on wrapper tobacco be reduced as the Sumatra-wrapper users request and the Connecticut, Massachusetts, Georgia, and Florida producers be put out of business and the majority of the cigar manufacturers of the first revenue district of Pennsylvania with them, what would become of the 37,007,559 pounds of filler tobacco now used by the cigar manufacturers of the above-mentioned district? Would these gentry who are inducing these so-called "farmers" to appear here in opposition to the increase of duty on imported wrapper tobacco pay these farmers a higher price for their filler when there is a 37,007,559-pound surplus on hand? All of this class of chaps I have ever come in contact with are not constructed in that way. It is only another method of inducing the farmer to become the agency of his own undoing.

The House of Representatives has increased the duty on unstemmed wrapper from \$2.10 per pound to \$2.50 per pound and the stemmed wrapper from \$2.75 per pound to \$3.15 per pound. In order to continue to improve the production of domestic wrapper tobacco, which is an American industry, and as such is entitled to the fostering care of the protective system that other industries enjoy, we therefore urge that an additional 50 cents per pound be added to the duty imposed by the House of Representatives. With this additional duty the "handmade" cigar industry in my congressional district, which gives employment to over 20,000 people, and in which, by virtue of the fact that the cigars are handmade, a superior cigar is produced, will be able to con-

tinue to live on an American standard of living, and will be able to compete with the inferior machinemade-cigar industry, which asks for this reduction.

Mr. BINGHAM. A good deal has been said about the fact that the manufacturers are opposed to this rate. I hold in my hand a sheaf of telegrams from small manufacturers of cigars asking for this increase. I shall not ask that any of them be placed in the RECORD. The fact seems to be that the larger manufacturers are opposed to it. I am not opposed to anyone being prosperous or in a prosperous condition. I believe that in tariff making we ought to take care of those who are suffering and those who say that their business is in a poor condition, that they have had to mortgage their farms, and that they need protection. I believe that we ought to encourage them both morally and economically by giving them that.

I have in my hand a record of the earnings of the General Cigar Co. for the current year, which amount to about \$8 per share of the common stock now outstanding. I will not bother the Senate by reading the figures showing the substantial increase in earnings registered by the General Cigar Co., but I should like to compare the prosperity of the General Cigar Co. with the results of a questionnaire sent out to nine banks doing business in the tobacco section of the Connecticut Valley. The questionnaire reads:

In view of the highly important and vital conferences now being held in Washington, no subject could be more interesting or more timely at this moment than the tariff revision for wrapper tobacco.

However, in the report by the subcommittee on tariff readjustment where it states "it is a fact that the farmer at the present time is enjoying prosperity in connection with raising tobacco," the leading business men of Connecticut feel that a great injustice has been done to the Connecticut tobacco grower.

In order that the true financial condition of the Connecticut tobacco growers may be shown, the following questions have been prepared to be answered by our bank officials from the entire tobacco section of Connecticut:

The first question is:

In your opinion, have tobacco farms in your locality increased or decreased their farm mortgage obligations in the last six years?

They all have answered that there has been an increase, some stating a large increase and others an increase of about 50 per cent.

The second question is:

Are your appraisers appraising tobacco farms as high now as in 1921?

The answers to that are uniformly "no."

The third question is:

Do your tobacco-growing customers borrow any more money at the present than in the past six years? If answer is "no," give reasons.

The answer is generally "yes," and the answer for "no" is they would borrow more if it were available. All the banks say that they are not increasing their loans because they do not feel it safe to do so and they have reduced the amount which they feel safe in loaning.

The fourth question is:

Are the proceeds from the sale of tobacco deposited by your customers as large to-day as in 1921? If answer is "no," give reasons.

The answer in every case is "no."

The fifth question is:

How does the financial condition of the tobacco growers in your territory compare with 10 years ago?

The answer is "very much worse" or "much worse."

To the second branch of the fifth question, "Do you have as many applications for credit?" the answer is "yes."

The sixth question is:

Do your customers among the farming community show their ability to reduce their loans as well to-day as formerly?

The answer is uniformly "no."

The seventh question is:

Do you consider the average farmer a good credit risk?

That refers, of course, to the average tobacco farmer. The answers vary from "not to-day" to "no," or "not without collateral security," "morally yes, but financially no."

The final question is:

Have you any data showing the percentage of tobacco growers whose farms are mortgaged?

Some answers are that they have no data, but a statement from the Suffield savings banks is that about 85 to 90 per cent of the tobacco growers have their farms mortgaged, and another statement is to the effect that some of the farmers have had to

get a second and a third mortgage, and a number of mortgages have been foreclosed.

There is no question, Mr. President, about the suffering of the tobacco farmers; there is no question about their need for aid, and, although a few of them are opposed to an increase in the duty on wrapper tobacco, the great majority of them believe that it would help them.

Mr. President, it appears to be true that a large part of the foreign market is controlled by the Dutch growers and that Dutch investors control a certain number of the cigar-manufacturing companies of this country or have large interest in them.

The principal contention of the opponents of adequate relief for tobacco growers—and this argument is advanced by certain large cigar manufacturers controlled for the most part by the Dutch company—is that if the tariff on wrapper tobacco is raised, the 5-cent cigar will no longer be on the market. They point out that as a consequence the domestic grower will be left high and dry without a market for tobacco. They insist in the face of the most convincing facts developed by experts that the American wrapper is not satisfactory for the 5-cent cigar. It is easy to understand the reason for their argument. It boils itself down merely to a most unique method of stifling competition. Lee R. Munroe, of Florida, in his testimony before the Senate Finance subcommittee brought out this point most clearly when he said:

What is, in my opinion, the reason for the agitation for the reduction of tariff on imported leaf tobacco is that, since such a procedure would break everyone in the tobacco business of Florida and Georgia, as well as many in Connecticut, the result would be that this particular type of tobacco would be controlled absolutely by the Dutch syndicate and their agents in the United States, a majority of whom are listed to appear before your honorable committee, and have appeared before the Ways and Means Committee of the House, thereby practically giving them control of the entire cigar-manufacturing business of this country.

A further effect would be to at once eliminate the numbers of manufacturers of cigars using Florida and Georgia tobacco for wrappers as competitors to the users of their tobacco by either actually putting them out of business or by forcing them to pay any price demanded for Sumatra wrappers, it being a well-known fact that Sumatra tobacco can be produced by the coolie labor for a great deal less than it can be produced in the United States, and to compete with this type of labor it would be necessary to reduce our standard of living to the level of the Far East.

I have received hundreds of letters from domestic manufacturers of 5-cent cigars who use both domestic and foreign wrappers and they state unqualifiedly that the domestic wrapper is quite as satisfactory as the foreign wrapper.

In current issues of tobacco trade papers there have been presented various types of arguments inspired by certain cigar manufacturing companies, mostly under the control of the Dutch syndicate, contending that the Georgia and Florida shade-grown wrapper can not be successfully used as wrappers on the 5-cent cigar. The brief of the domestic growers stated that over 600,000,000 5-cent cigars wrapped with Florida and Georgia shade-grown tobacco are successfully sold annually in the United States. I have the sworn statement of Mr. Albert Worch, president of the Worch Co., of St. Paul, Minn., a letter from whom was read by the Senator from Georgia [Mr. GEORGE] in which he states that his company "has successfully marketed the 5-cent cigar wrapped with Florida and Georgia shade-grown tobacco since 1921." It is quite significant, Mr. President, that Mr. Worch is one of those who are asking for an increase of the duty on wrapper tobacco.

Mr. Worch further states that during that period cigars of his manufacture, so wrapped, have been the leading, if not the largest 5-cent seller in the markets of the Northwest. It has competed successfully with every 5-cent cigar of national distribution, whether wrapped with Sumatra or otherwise. The experience of the Worch Co. is but a duplicate of the experience of a large number of manufacturers with whom I have communicated. Does it not prove that Georgia, Florida, and Connecticut wrappers can and are being used successfully on the 5-cent cigar?

The Northwest market, of which I have spoken, is not a market all its own, for there it is that practically every known cigar is in direct competition with the others.

Certain of the eastern manufacturers have repeatedly gone into the Northwest market with the idea of capturing the 5-cent cigar business. In the majority of cases their brands were wrapped with Sumatra tobacco and in most cases they have failed to displace cigars wrapped with American tobacco.

Some of the witnesses who appeared before the Senate Finance Committee contended that any increase in the duty on wrapper tobacco would force the manufacturers of 5-cent cigars to pay

less for their filler and binder wrapper with the result that growers of sun-grown tobacco in Pennsylvania, Connecticut, and Ohio would suffer. That is an argument that has considerable force in the minds of Senators who come from States where wrappers are not grown but filler and binder tobacco is grown; but it fails immediately when we recall that it is the universal experience that the consuming public is just as willing to smoke Georgian 5-cent cigars as they are to smoke Sumatra wrapper cigars. However, the testimony of J. B. Steward, of the New England Tobacco Association, a successful farmer and a former tobacco expert in the United States Department of Agriculture, disapproves this contention. Upon questioning he stated:

I do not believe that the purchaser knows, and I know that the man who sells the cigars does not know. You can go to a cigar stand and ask him for a cigar wrapped with Florida tobacco, Connecticut tobacco, or Sumatra tobacco. He may know the Sumatra tobacco because it is advertised so extensively that he knows there are certain brands that are wrapped with Sumatra tobacco.

Mr. CRISP then asked:

But in your opinion, then, if a purchaser went into a store and asked for either one, either Connecticut or Florida or Sumatra wrappers, the man behind the counter would be very likely to hand him the same box for either one of the three?

Mr. Steward replied:

The same box. I have tried it.

It is very significant that it is the domestic manufacturer who makes both the 5-cent and the higher-priced cigar who opposes adequate protection for the American farmer, and the answer lies in this fact, that they fear the increased cost of the manufacture of the rich man's cigar, for they use their by-products from those cigars in the making of the 5-cent cigars. I maintain that to afford protection to the small importers, many of whom are controlled by the Dutch syndicate, at the expense of a large number of domestic manufacturers of 5-cent cigars, at the expense of the large number of tobacco raisers and workers, is contrary to the purpose for which this session is called, and is in violation of the principles of protection.

I submit that an industry which is the most important money crop in at least two States in the Union is entitled to consideration, for I would point out to you that \$100,000,000 has been invested in the enterprise.

I should also like to submit the fact that in the State of Connecticut alone this branch of agriculture employs 16,200 people. Over 5,000 farmers are engaged in the growing of sun-grown tobacco alone, employing for the most part unskilled workers who can not find employment elsewhere, paying to these workers during the growing season over \$4,500,000. The cost of fertilizer and sundry materials adds another sum of at least \$4,000,000, which goes into producing the Connecticut Valley crop of tobacco. Thus we have the sum of from \$8,000,000 to \$9,000,000 that is distributed annually among the various businesses, such as general stores, fertilizer companies, and others, in this fertile valley. For permanent equipment, such as horses, plows, tools, and so forth, at least \$20,000,000 is invested. Thus in the farm operations of the tobacco industry the Connecticut Valley employs from \$20,000,000 to \$30,000,000. In addition to these farm costs the tobacco crop must be warehoused in order to put it in condition for the use of the cigar manufacturer, and this calls for an additional \$15,000,000 to \$20,000,000 for labor and material.

I am speaking now of the Connecticut Valley alone. Add to this the investment, the wages, and the cost of growing incurred by the other States engaged in the raising of this crop and you do not have a small, insignificant industry.

The growers of tobacco do not ask for subsidy; they do not ask to be taken care of. Give them a reasonable tariff duty, help them in a measure to recover from the losses incurred by the acts of God, and they will take care of themselves, as they did prior to 1922. Relieve them through tariff protection from the ruinous competition which arises to a material degree from the fact that the labor used in Java and Sumatra saves costs of from 16 to 20 cents per hour per worker. All the plantations in the East Indies are owned and operated by Dutch syndicates, who have guarded their costs so completely that it is impossible to secure accurate data except as to the wage scale.

Again I refer to Connecticut to say that in addition to the 27,000 acres of seed tobacco we grow 8,000 acres under cloth. In producing this tobacco, I would have you know, that besides giving employment to thousands of men, women, and boys in our own section of the country, we give employment to the laborers in the cotton fields of the South. For every acre of shade-grown tobacco that we grow we use the cotton from 1 acre of land and 350 pounds of wire from the steel mills. The success

of the tobacco industry of the Connecticut Valley, of Georgia, of Florida, and of Alabama is reflected in the success or failure of many other industries, both agricultural and manufacturing. The balance of imports and domestic production has been a material factor in the determination of the need for protection in the case of other agricultural commodities or livestock, and it has been used as a measuring stick for the equitability of rates for industrial commodities. In the case of wrapper tobacco, if you will use this yardstick, you will find we have a most convincing case. In 1927 there was imported 192,590 pounds of unstemmed tobacco from Cuba, and 6,058,314 pounds from other sources; a total of 6,250,904 pounds. During the same year there was produced of Connecticut Valley shade-grown tobacco 5,231,000 pounds, of Georgia-Florida shade-grown 2,557,000 pounds, and of Connecticut Valley prime Havana seed, 1,538,000; a total of 8,326,000 pounds. A comparison of these figures discloses that the imports are almost as large as the domestic production.

There has been misrepresentation and misstatement of fact in connection with Schedule 6. I say misrepresentation because it is inconceivable that anyone engaged in the manufacturing of cigars would not have had full knowledge of all of the pertinent facts. Profits has been the point of attack in many cases. Witnesses testified that the Florida farmers had made enormous sums of money in the last two years. In answer to that I call your attention to the testimony of Mr. Lee R. Munroe, on page 85 of the hearings of the Senate Finance Committee in which he refers to the statement of a certain witness that he—the witness—believed the Florida growers had made money in the last two years, he said:

I may state that I am perhaps the largest individual grower—I mean direct grower and not a contractor—of Florida and Georgia tobacco outside of the American Sumatra Tobacco Co. According to my best recollection I have not paid income taxes in about six years; for the past four years I will state positively that my income-tax reports show a loss every year. A few of the packers who have been contracting with the smaller farmers—and they grow some tobacco themselves, too—have made a little money, but the small farmer is broke.

I am familiar with the condition of the tobacco farmer in the Connecticut Valley, and I have in my files copies of a questionnaire submitted to the banks which extend credit to the farmers in the valley, and answered by them. In answer to the question, "Have you any data showing the percentage of tobacco growers whose farms are mortgaged?" it was stated that the average was from 85 to 90 per cent. Another question was, "Do you consider the average tobacco farmer a good risk?" The answers to this varied, but one particularly struck my fancy. It was, "Ha! ha!" Also, "How does the financial condition of the tobacco growers in your territory compare with 10 years ago?" To which the answers varied from "worse" to "very much worse." And so I might go through the list of questions, and I might present to you the financial statements of a number of the tobacco growers in the Connecticut Valley whom I have known for years. Good farmers, industrious, good business men, but who have been unable to realize on their investment and labor.

Connecticut and Florida, particularly, have been very hard hit. As many of you know, the Connecticut tobacco crop this year was ruined to the extent of \$3,000,000 by a severe hail storm. What was one day the finest of wrapper tobacco was the next day stalks and shreds, fit only for chewing. The Florida farmers, too, have had their difficulties with the Mediterranean fly, which has made their tobacco of even more importance to them than usual.

The tobacco farmer asks not for sympathy. He will, as I have stated, take care of himself if you will give him adequate protection.

So much for the profits of the grower. Now let us look at the profits of those manufacturers and their agents who are opposing adequate protection.

I need not tell you, Mr. President, of the prosperity of the Dutch syndicates. So far as the Florida manufacturers who have been opposing protection are concerned, I may refer you to a letter received from one of the larger growers and packers of shade-grown leaf tobacco. In answer to the contention that the profit on cigars wrapped with Havana is only 50 cents or so per thousand, he states that some 300,000 to 400,000 pounds of tobacco coming into this country as wrapper tobacco, paying the \$1.85 duty, goes on cigars selling at 10 cents and up, and the profit on such cigars runs from \$6 to \$20 per thousand. No reasonable increase in the duty would affect such users of Havana tobacco. The Hava Cigar Co., of Tampa, Fla., alone uses more than all of the cigar manufacturers of Tampa use

of imported Havana wrappers, paying the duty of \$1.85, and John H. Swisher & Sons, of Jacksonville, Fla., use twice as much Florida tobacco as is imported into Florida.

I have numbers of letters, which I shall not put into the RECORD, as well as other evidences, concerning the profits of those who are howling for a decrease.

There are in the State of Connecticut a large number of manufacturers of cigars, and there are a number of tobacco growers who are opposed to any increase. I know not to what political party they belong, nor do I know the political affiliations of the growers who are asking for protection, but I do believe that the tobacco growers of the Connecticut Valley, of Florida, and of Georgia are entitled to this protection. I am thoroughly convinced that unless the tobacco grower is given protection he must pass out of the picture, and that instead of saving the 5-cent cigar, we shall increase its price and place ourselves at the mercy of foreign syndicates and their agents in this country.

So, Mr. President, I hope very much that the Senate committee amendment may be disagreed to and that the rates granted by the House, providing slight increases, may be agreed to because such action will bring a certain measure of relief to the farmers in at least three States who are suffering at the present time, and it will not bring that disaster to other farmers in other States that is feared. I hope very much that this slight increase of 40 cents a pound may be allowed, and that the House bill will be passed in the form in which it came over.

Mr. BLEASE. Mr. President, I desire to ask the Senator from Connecticut a question. Does he think it is right to put a tariff on the consumers of tobacco all over this country?

As far as I am concerned, I do not use it at all. I do not chew tobacco, and I do not smoke; I take mine in another form; but does the Senator think it is right to help the tobacco farmers of two or three States by putting a tariff on all the consumers of the United States?

Mr. BINGHAM. Mr. President, testimony has been given here this morning to the effect that this increase would increase the cost of a 5-cent cigar by one-eighth of a cent. It is quite obvious that the consumer will not pay any more; that this one-eighth of a cent will have to come out of the manufacturer; and it is in large part the manufacturers who are objecting to the increase.

Mr. BLEASE. What I can not get out of my mind is, how it is right, and why it is not class legislation, to tax the consumers of the whole Nation to benefit the few—possibly the man who grows the article, or the man who manufactures it. I should like to have some Senator at some time or other explain that to me, if he can.

Mr. SACKETT. Mr. President, we have now been discussing the tobacco schedule for the best part of 3½ hours; and we have before us a proposition to decrease the duty 40 cents, and we have before us a proposition to increase the duty 40 cents.

The tobacco business is one of very delicate adjustment as between the consumer and the grower and the manufacturer. We have been getting along beautifully. Under the present law we have increased the output of that very necessary article, the 5-cent cigar. It has been done at a minimum of expense, and it has been done with a very small profit. It seems to me we can get along better if we do not change the present conditions.

I desire to appeal to the Senator from New York [Mr. COPELAND], who has made this eloquent address to the Senate and asked for a reduction, if he would not be willing under the circumstances to allow the present law, which has worked out so well, to remain upon the statute books. In order to do that, if he will withdraw this motion to reduce the duty 40 cents, I should like very much to ask the Senate to reject the Senate committee amendments, and to adopt the House provision with an amendment reducing the rates therein stated to the rates carried in the present law.

The VICE PRESIDENT. May the Chair state that as this is an amendment to strike out and insert, the House text is amendable; and the amendment should be proposed to the House text first.

Mr. SACKETT. That is what I wanted to do.

Mr. FLETCHER. Mr. President, I did not catch the statement of the Chair.

The VICE PRESIDENT. The Chair stated that as this is a motion to strike out and insert, both the House text and the Senate text are subject to amendment. The amendment should be proposed to the House text first.

Mr. SACKETT. Then I will offer an amendment to the House text, if the Senator from New York will permit me.

Mr. SMOOT. Yes; that is the way to do it.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. SACKETT. Yes.

Mr. COPELAND. Do I understand that the ruling of the Chair is that the amendment which I offered to line 15 is not in order at the present moment?

The VICE PRESIDENT. The amendment is in order; but an amendment proposed to the House text has precedence, and must be put first. The rule provides that the House text shall first be perfected.

Mr. COPELAND. Then, in that event, it would be in order, I take it, for the Senator from Kentucky to move an amendment to the House text.

The VICE PRESIDENT. It is in order.

Mr. SACKETT. Therefore, in line 7, page 123, I move to change "\$2.50" to "\$2.10," and change the numerals "\$3.15" to "\$2.75." I offer that as an amendment to the House text.

The VICE PRESIDENT. Let the Chair state that those are two separate amendments. They can be put together by unanimous consent.

Mr. SACKETT. I think they ought to be put together, because they are the same thing. Therefore, I ask unanimous consent that the two amendments be considered together.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. COPELAND. Now may I ask the Senator, if this amendment were to prevail, whether the language would then be the same as the language of the present law?

Mr. SACKETT. It would then be exactly the same as the language of the present law.

Mr. FLETCHER. Mr. President, I shall not take the time of the Senate in discussing that proposal. I should oppose very strenuously the proposal of the Senator from New York to reduce those duties.

I think, generally speaking, that the large cigar manufacturers—and we are very much concerned about that industry in Florida; we are producing a million clear Havana cigars a day in Tampa alone—are not opposed to the present law. I refer now to the larger manufacturers. The growers down there of shade tobacco—that is, of wrapper tobacco—in Gadsden, Leon, and Madison Counties, in the northern part of the State, desire an increase in this duty. As I say, I am not going to delay with that. The Senator from Kentucky [Mr. SACKETT] has alluded to that, as well as the Senator from Connecticut [Mr. BINGHAM]. They are in accord with the New England producers of Connecticut shade-grown and wrapper tobacco.

I have in my hand a letter and a number of telegrams on that subject which I ask to have inserted in the RECORD; and, without attempting to discuss the matter any further, I am ready to take a vote on the Senator's amendment.

The VICE PRESIDENT. Without objection, the letter and telegrams will be printed in the RECORD.

The matter referred to is as follows:

FLORIDA AND GEORGIA TOBACCO GROWERS ASSOCIATION,
Quincy, Fla., January 30, 1929.

To the honorable Senators from Florida, Messrs. DUNCAN U. FLETCHER and PARK TRAMMELL, and Congressman THOMAS A. YON,
Washington, D. C.

DEAR GENTLEMEN: 'Twas a hard blow to have the growers of filler and binder tobaccos of Wisconsin, Ohio, and Pennsylvania and Connecticut (some of Connecticut only) go back on the cigar-wrapper producers for the first time in the history of the tobacco business and tariff hearings. It shows unmistakably that the large interests—importers and million-dollar class of factories, of which there are only a very few—have been working incessantly for the past several months lining these interests up against the tariff increase that we are asking for, and with their unlimited means and their representatives in Washington who draw salaries of from \$10,000 to \$25,000 per year, and their traveling, purchasing, and sales agents all working against the growers of wrapper tobacco in this country, we appreciate that we have a real fight to make this time on the tariff on imported tobaccos.

To one posted on the facts the testimony of the side asking for a reduction can be shot to pieces, it being glaringly false and particularly unjust to our Florida and Georgia grown product, which they admit that they are willing to make suffer for their own peculiar selfish interests. The best of Florida tobacco is far better than any of the so-called "nickel" Sumatra. Of course, we have our low grades of wrapper tobacco, but Florida tobacco has been covering 80 to 85 per cent of the nickel cigars until the internal-revenue tax was reduced and the larger factories put in machines which enabled them to compete with the legitimate nickel cigar manufacturers. Our tobacco is not used in the machine shops, not because it won't work in them but because the most of these shops are subsidized to the importers or the foreign wrapper interests, and they are so prejudiced that they would not even try a Florida wrapper, yet they testify that it is unfit for

nickel cigars; and in the face of this testimony we can prove that there are any number of factories to-day using it almost exclusively whose business has doubled and trebled in the past three to four years. One Ohio man testified that their 20,000,000 pounds of tobacco was of such nature that it could only be used with Sumatra wrapper. In the next breath he admits that a large part of it is sold in York County, Pa.

The York County Cigar Manufacturers Association told the committee that they used 80 to 85 per cent Florida tobacco on their production of over 600,000,000 cigars, and we can tell you that a large part of the filler was Ohio filler on Florida wrappers and Pennsylvania and Connecticut binders.

Our situation is indeed precarious. Our business has shrunk from 7,000 acres to around 4,000 acres, and in 1925 to less than 2,000 acres, due to imports of Sumatra costing the importer only 40 to 80 cents and \$1 per pound in bond, and our costs of production have more than doubled since the passage of the Underwood Tariff Act, which confirmed the need at that time for a tariff duty of \$1.85 per pound. Isn't it logical that we now require additional protection or make up our minds to give up the "ghost," one or the other.

We can furnish as good wrappers for 5-cent cigars as can be imported. We do not have the means to subsidize the tobacco press and the manufacturer and the filler and grower producers, so we must depend on the Congress of the United States to give us the relief required to protect our business from failure, and in fact to make it productive and profitable to the grower.

Our growers are mostly farmers raising 2 to 10 acres of tobacco, and I am sorry to say that their plight is bad. Numbers of their farms are mortgaged to the Federal land bank. Others to other money-lending agencies. Their places are running down and their own houses that they live in are in bad repair. We appeal to you gentlemen to carry on the fight for us, and even put the matter on a humanitarian basis in addition to the financial side of the matter.

If you gentlemen would be so good as to speak to the members of the subcommittee who are drafting the section of the new act having to do with the import duty on wrapper tobaccos—Messrs. ESTEP, KEARNS, and CROWTHER.

Thanking you most kindly for your favors, we remain,

Your constituents in faith,

E. M. COLLINS, Secretary-Treasurer.

MADISON, FLA., August 13, 1929.

Hon. DUNCAN U. FLETCHER,
United States Senate:

The shade tobacco interests of North Florida give employment to thousands of people and its life is threatened by the importation of cheaper grades Sumatra-wrapper tobacco. There is already an overproduction of domestic wrappers for 5-cent cigars and it is imperative that the duty on imported wrapper tobacco be increased to \$3.50 per pound. We refer you to brief submitted by farmers of this section and urge you to support the tariff bill if the Senate Finance Committee incorporates this increase therein.

A. E. FRALEIGH,
J. G. ASHLEY,
E. HARRISON,
I. W. EUBANKS,
T. C. CODY,

C. A. SPOONER,
L. R. ANDREWS,
C. ROBERTS,
T. H. WILLIS,
R. A. WADSWORTH,
Tobacco Growers.

MONTICELLO, FLA., August 13, 1929.

Senator D. U. FLETCHER,
Senate Office Building:

Would appreciate if you will use best efforts securing \$3.50 import duty wrapper tobacco appears conclusively; present rate insufficient. This section badly in need of same.

S. D. CLARKE.

RIVER JUNCTION, FLA., August 13, 1929.

Hon. DUNCAN U. FLETCHER,
Senate Office Building, Washington, D. C.:

Our entire section would be greatly benefited by an increase in duty on imported wrapper tobacco. Would appreciate you working for a \$3.50 tariff.

GADSDEN COUNTY STATE BANK,
E. H. BOYKIN, President.

TRENTON, FLA., August 13, 1929.

Hon. DUNCAN U. FLETCHER,
Senator Chamber, Washington, D. C.:

Greatly appreciate your best efforts in having wrapper tobacco tariff raised. Conditions in wrapper section in deplorable state. Your co-operation be much appreciated.

FARMERS AND MERCHANTS BANK,
R. C. LANG, President.

MADISON, FLA., August 13, 1929.

Senator DUNCAN U. FLETCHER,

United States Senate, Washington, D. C.:

We are being put out of business rapidly by heavy importations of Sumatra tobacco by large and wealthy importers, who buy it from rich Dutch syndicates who use cheap coolie labor. We can supply all the wrappers necessary for the nickel cigars of this country, and by rights, our American soil should produce them and would were it not for the great power of money spent in advertising against us. As true American citizens, and in behalf of a bunch of shade tobacco growers, we appeal to you to work for a raise to \$3.50 per pound. I represent the independent growers of Madison County, who have their life savings in this business.

J. E. HARDEE.

MILTON, FLA., August 14, 1929.

Hon. DUNCAN U. FLETCHER,

Senate Building:

We deem it highly desirable that the new tariff bill places tax of \$3.50 per pound on wrapper tobacco. Will be of untold benefit to growers this section. Your support is requested by all interested parties.

D. FAIRCLOTH.

Mr. SIMMONS. Mr. President, I hope the amendment which the Senator from Kentucky [Mr. SACKETT] has offered will be adopted. I do not think the rate is as low as it ought to be, but probably we will get along with it.

Before a vote is taken, however, I wish to say that I have prepared a sort of study of this whole tobacco question, basing it upon statistics furnished me by the highest Treasury expert authority in this country. I desire to have this go in the RECORD as a part of my remarks, because the tobacco growers of my State are profoundly interested in the taxes upon tobacco and its products, and they are deeply interested in all information and data with respect to these taxes and their effect. I put these facts in the RECORD for their benefit.

Mr. President, there is no industry in this country that now is so oppressed by taxation as the tobacco industry. Heavy reductions have been made in every war-revenue tax since the war. The only reduction made in the tobacco taxes imposed during the year 1918, when we had to raise \$8,000,000,000 for the Government, has been the reduction from \$4 to \$2 a thousand on 5-cent cigars. Other tobacco products are now taxed at exactly the same rate that they were taxed during the peak of the war.

The internal revenue and the customs tax raises the total taxes imposed upon tobacco to an enormous sum. The exact figures are set forth in these tables. I do not have the exact figures in mind just now; but the total taxes collected through the customhouse on all products, not including tobacco are about \$600,000,000. The total taxes imposed and collected upon tobacco, both internal and customs taxes, are about \$534,000,000, as I now recall. In other words, the tobacco taxes amounted to very nearly as much as all the other customs taxes collected by the Government upon all other products, raw and manufactured.

North Carolina pays 51 per cent of the tobacco taxes paid into the Federal Treasury. There are six other States in which tobacco is produced, but all six of them together do not pay as much tax upon the output of this product in their States as the State of North Carolina pays.

I know it is customary to say that these taxes are passed on to the consumers of the country, each State paying about in proportion of its population to the whole—that is, if it was paid altogether by the consumer of tobacco.

The proposition that all of these taxes are passed on to the consumer is disputed, and very strenuously disputed by many persons. It is especially controverted at this time by the tobacco growers.

The major part of that burden is undoubtedly paid by the consumer. But it is contended that a fractional part at least is subtracted from the price which would otherwise be paid the farmer for the raw material out of which these manufactured tobacco products are produced.

If that contention be sound, the people of North Carolina who pay 51 per cent of the tobacco taxes collected by the United States would have to pay a much larger proportion of this cost than they would pay if all this tax were passed on to the consumer.

Mr. President, it is said that the tobacco farmers of Connecticut are not prosperous; it is said that the producers of the shade-grown tobacco in Georgia and in Florida are not prosperous. I would like to have some one tell me what kind of tobacco grown in this country is to-day grown at a profit, or, if at a profit at all, at anything more than a meager profit.

The tobacco situation in the South is a very serious one. Tobacco profits have been going down for years. I can not say

to what extent these high taxes are responsible for this situation, but I do know that whenever you overload an industry with any form of taxation, whether it be internal-revenue or tariff taxation, you necessarily restrict the market for the products of that industry by unduly raising the price of the finished product and thereby reducing consumption and demand. In conclusion let me say, Mr. President, that never before was such a burden imposed upon an industry in this country as is now imposed upon tobacco and its products in the United States.

The VICE PRESIDENT. Is there objection to the request of the Senator from North Carolina?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

CIGAR WRAPPER TOBACCO

PRODUCTION (UNITED STATES)

Location of industry: Connecticut Valley, shade grown Georgia and Florida shade grown.

Year	Acreage	Production	
		Crop in pounds	Value
1925	6,480	6,832,000	\$6,127,000
1926	7,510	7,778,000	6,774,000
1927	9,900	9,768,000	8,905,000
1928	11,800	11,166,000	9,262,000

IMPORTS

Ninety-five per cent and over of our imports of wrapper tobacco are through the Netherlands and is the growth of Sumatra and Java-Dutch Colonies.

Under general tariff (full duty):

Year	Unstemmed		Stemmed	
	Pounds	Dollars	Pounds	Dollars
1925	5,808,385	14,160,320		
1926	6,029,947	13,646,855		
1927	6,058,314	13,387,768	196	354
1928	5,879,104	12,515,302		

The proposed increase of the duty on wrapper tobacco will drive out of existence the present long-filler 5-cent cigar. Only the scrap 5-cent cigar can then be made. This will materially reduce the number of cigars consumed, and consequently the pounds of wrapper used, thus nullifying any advantage obtained by increased duty on such wrapper. The reduction made in the internal-revenue duty on the 5-cent cigar from \$4 to \$2 per thousand resulted in an increased output, 1925 to 1928, of over 600,000,000 cigars. This reduction was \$2 per thousand, and resulted favorably in prices paid for tobacco to the 40,000 farmers producing fillers and binders; and in a superior 5-cent cigar. The increase in value of the production in wrapper, 1925 to 1928, was some \$3,000,000, or over 50 per cent.

The tax on Sumatra wrapper now is about \$1.20 per thousand cigars. If this be increased about another dollar, the margin of profit, now so small, will result in driving the present long-filler 5-cent cigar out of the market.

Practically all the shade-grown tobacco raised in 1927 was upon 8,000 acres in Connecticut and 3,800 acres in Florida and Georgia. The production was 11,166,000 pounds. From 60 per cent to 90 per cent of this was used as wrapper, the remainder being used as binder or filler. Some of the lowest grade was sold to the manufacturers of chewing tobacco. The best Connecticut wrapper sold for \$5.25 a pound, and is used on the highest grade cigars. The cost of growing the Florida shade wrapper was stated by Mr. Munroe in the Senate hearings as being around 60 cents per pound. The present tariff rate is \$2.10 per pound. This Florida wrapper, although largely grown by the same corporation which grows much of the best Connecticut wrapper, sells for only \$1.50 to \$2.10 per pound, not in excess of the present duty.

Imports of tobacco

Wrapper tobacco	Full tariff			From Cuba		
	Pounds	Value	Duty paid	Pounds	Value	Duty paid
Unstemmed:						
1924	5,860,630	\$14,706,973	\$12,307,323	121,122	\$313,446	\$203,485
1925	5,808,385	14,160,320	12,197,608	198,518	422,233	333,512
1926	6,029,947	13,646,855	12,062,889	186,305	448,977	312,991
1927	6,058,314	13,387,768	12,722,459	192,590	479,578	325,556
1928	5,879,104	12,515,302	12,346,118	195,986	533,279	329,250
Stemmed:						
1926				827	3,314	1,819
1927	196	354	539	152	214	334

This imported wrapper leaf, practically all unstemmed, is used principally to cover cigars manufactured of domestic filler and binder leaf grown chiefly in Wisconsin, the Connecticut Valley, Pennsylvania, Ohio, and New York. Over 95 per cent of this wrapper tobacco is of Sumatra and Java origin, coming through the Netherlands. The remainder is mostly Havana leaf for the use of domestic clear Havana cigar manufacturers.

The average farm prices for the domestic wrapper tobacco for the last three years have been as follows, in cents per pound:

	1926	1927	1928
Connecticut Valley shade.....	97.7	105.5	100.0
Georgia-Florida shade.....	65.0	65.0	55.5

From this it is seen that the average price of our wrapper tobacco is not even one-half as much as the duty now imposed upon the imported wrapper, and that the Florida and Georgia, even that grown by the same concern, is priced much lower than is the Connecticut tobacco.

FILLER AND BINDER TOBACCO

Production	1926		1927		1928	
	Pounds	Farm value	Pounds	Farm value	Pounds	Farm value
Filler.....	67,210,000	\$6,610,000	63,980,000	\$8,838,000	69,252,000	\$10,355,000
Binder.....	69,487,000	13,709,000	66,168,000	12,636,000	84,361,000	16,782,000

From 1923 to 1925 it is estimated that the average production of cigar filler tobacco in Cuba was about 66,000,000 pounds.

Cuba supplies about 98 per cent of our total imports of cigar filler tobacco. About two-thirds of these imports are of stemmed tobacco.

Under general tariff

Year	Rate of duty	Quantity	Value	Duty collected
Unstemmed:				
1924.....	35 cents per pound.	3,888,110	\$2,780,036	\$1,360,838
1925.....	do.....	962,798	768,359	336,979
1926.....	do.....	192,173	159,843	67,261
1927.....	do.....	271,737	133,879	95,108
1928.....	do.....	41,118	20,500	14,391
Stemmed:				
1924.....	50 cents per pound.	220,761	248,419	110,380
1925.....	do.....	24,088	31,766	12,044
1926.....	do.....	64,930	81,611	32,465
1927.....	do.....	61,895	54,421	30,948
1928.....	do.....	30,098	29,601	15,049

FROM CUBA

Unstemmed:				
1924.....	28 cents per pound.	8,184,037	\$8,074,402	\$2,291,530
1925.....	do.....	7,813,733	7,461,735	2,187,862
1926.....	do.....	7,975,968	7,398,598	2,233,270
1927.....	do.....	8,389,241	7,086,655	2,348,287
1928.....	do.....	7,683,879	6,069,444	2,151,486
Stemmed:				
1924.....	40 cents per pound.	11,261,621	14,771,452	4,504,648
1925.....	do.....	11,826,547	13,555,164	4,730,619
1926.....	do.....	14,004,853	15,164,790	5,601,941
1927.....	do.....	14,935,832	13,808,177	5,974,333
1928.....	do.....	14,560,500	13,714,620	5,824,200

This Cuban leaf is largely blended with domestic filler and binder tobacco, with resulting improvement in flavor and aroma, and increased salability, creating an additional market for the domestic tobacco.

OTHER LEAF TOBACCO, INCLUDING CIGARETTE FILLER

In 1927, 51 per cent of this tobacco going into manufacture in this country was used for cigarettes, the remaining for smoking tobacco, plug, snuff, twist, and fine cut.

Flue-cured tobacco is used for cigarettes, plug wrappers, smoking tobacco, and to a less extent as fillers and wrappers in plug chewing tobacco.

Burley and Maryland is used in the manufacture of cigarettes, smoking tobacco, and chewing tobacco.

Fire-cured and Tennessee leaf is primarily an export tobacco, used in Europe for all purposes. In the United States it is used in the manufacture of snuff and smoking tobacco and foreign-type cigars.

Green River, One Sucker, and Virginia sun cured are used in the manufacture of long-cut smoking and twist and fine-cut chewing tobacco.

PRODUCTION

In 1926 the United States produced 1,298,000,000 pounds of tobacco out of an estimated world's production—exclusive of India and China—of 3,415,000,000.

The great bulk of imports of cigarette tobacco consists of Turkish types from Macedonia, European and Asiatic Turkey, directly or indirectly from Italy. The following shows our imports of this tobacco, unstemmed, the form in which practically all is imported:

Full duty

Year	Rate of duty	Pounds	Value	Duty collected
1924.....	35 cents per pound.	28,815,351	\$21,908,658	\$10,085,378
1925.....	do.....	35,381,760	28,465,411	12,383,616
1926.....	do.....	40,060,900	29,299,130	14,021,315
1927.....	do.....	44,215,965	29,065,815	15,475,588
1928.....	do.....	45,047,017	25,219,543	15,706,450

FROM CUBA

1924.....	28 cents per pound.	21,454	\$30,510	\$6,007
1925.....	do.....	12,350	17,055	3,458
1926.....	do.....	10,022	17,329	2,806
1927.....	do.....			
1928.....	do.....			

Exports of leaf tobacco (other than cigar leaf)

Year	Quantity	Value	Unit value
	Pounds		Cents per pound
1924.....	573,934,047	\$163,657,506	28.5
1925.....	467,588,335	152,730,969	32.7
1926.....	486,438,960	136,476,753	28.1
1927.....	505,720,432	138,954,134	27.5
1928.....	574,745,520	153,556,715	26.7

ALL OTHER TOBACCO, MANUFACTURED OR UNMANUFACTURED, N. S. P. F.

Small quantities of scrap, plug, and other forms of smoking and chewing tobacco and snuff are imported—less than 1 per cent of our consumption—and sold to a special class of trade desiring the same. There is no call for changing the duties on these imports.

Cigars, cheroots, and cigarettes, United States production

Year	Cigars		Cigarettes	
	Weighing more than 3 pounds per 1,000	Weighing not more than 3 pounds per 1,000	Weighing more than 3 pounds per 1,000	Weighing not more than 3 pounds per 1,000
1924.....	6,597,676,535	530,714,332	16,054,285	72,708,989,025
1925.....	6,463,193,108	447,089,170	17,428,807	82,247,100,347
1926.....	6,498,641,233	412,314,795	13,239,765	92,096,973,926
1927.....	6,519,004,960	439,419,390	11,432,360	99,809,031,619

United States imports

Year	Cigars and cheroots			Cigarettes and paper cigars		
	Full duty	Quantity	Value	Duty	Quantity	Value
		Lbs.			Lbs.	
1924.....	\$4.50 per pound and 25 per cent.	10,042	\$58,589	\$4.50 per pound and 25 per cent.	10,426	\$54,178
1925.....	do.....	10,424	60,192	do.....	10,617	60,073
1926.....	do.....	11,422	30,130	do.....	16,037	79,904
1927.....	do.....	11,303	34,332	do.....	12,985	79,828
1928.....	do.....	7,101	22,537	do.....	10,226	59,198

FROM CUBA

1924.....	\$3.60 per pound and 20 per cent.	415,726	\$3,387,201	\$3.60 per pound and 25 per cent.	843	\$5,653
1925.....	do.....	472,309	3,995,434	do.....	506	2,975
1926.....	do.....	440,349	3,463,438	do.....	3,001	14,249
1927.....	do.....	403,645	3,663,937	do.....	6,571	13,550
1928.....	do.....	378,087	3,200,920	do.....	2,146	3,121

UNITED STATES EXPORTS

The exports of domestic cigars are very small. The cigarettes go chiefly to China, British Malay, Siam, the Philippines, Panama, and France. The following shows the exports of cigarettes:

Year	Thousands	Value
1924.....	10,495,883	\$19,408,248
1925.....	8,145,639	15,042,794
1926.....	9,539,335	17,897,731
1927.....	7,093,039	13,836,831
1928.....	11,706,110	22,059,149

UNITED STATES TAXATION ON TOBACCO

Internal-revenue duties

(NOTE.—The internal-revenue duties are imposed on both domestic and imported merchandise. In the case of domestic, it is the only Federal tax, while with imported it is in addition to the customs duties.)

Cigars (tax per thousand):	
Weighing not more than 3 pounds per thousand.....	\$3.00
Weighing more than 3 pounds per thousand—	
If manufactured or imported to retail at not more than 5 cents each.....	2.00
If manufactured or imported to retail at more than 5 cents each and not more than 8 cents each.....	3.00
If manufactured or imported to retail at more than 8 cents each and not more than 15 cents each.....	5.00
If manufactured or imported to retail at more than 15 cents each and not more than 20 cents each.....	10.50
If manufactured or imported to retail at more than 20 cents each.....	13.50
Cigarettes (tax per thousand):	
Weighing not more than 3 pounds per thousand.....	3.00
Weighing more than 3 pounds per thousand.....	7.20
All tobacco and snuff, per pound.....	.18
Cigarette paper and tubes:	
On each package, book, or set, containing more than 25 and not more than 50 papers.....	.005
On each package, book, or set, containing more than 50 and not more than 100 papers.....	.01
On each package, book, or set, containing more than 100 papers, one-half cent for each 50 papers or fraction thereof.....	
Upon tubes, 1 cent for each 50 or fraction thereof.....	

Customs duties

Wrapper tobacco, and filler tobacco when mixed or packed with more than 35 per cent of wrapper tobacco, and all leaf tobacco the product of two or more countries or dependencies, when mixed or packed together:	Per pound
Unstemmed.....	\$2.10
Stemmed.....	2.75
Filler tobacco, n. s. p. f.:	
Unstemmed.....	.35
Stemmed.....	.50
All other tobacco, manufactured or unmanufactured, n. s. p. f.....	.55
Scrap tobacco.....	.35
Snuff, and snuff flour.....	.55
Cigars, cigarettes, cheroots, paper cigars, and cigarettes: \$4.50 per pound plus 25 per cent ad valorem.	

COLLECTIONS OF TAX ON TOBACCO

Fiscal years

	1928	1929
Internal revenue:		
Cigars.....	\$23,180,859	\$22,871,826
Cigarettes.....	301,828,345	342,034,060
Snuff.....	7,461,355	7,126,909
Chewing and smoking.....	62,774,542	61,159,178
Papers and tubes.....	1,123,810	1,179,526
Miscellaneous.....	81,131	73,044
Total.....	396,450,042	434,444,543
Total customs duties.....	568,986,189	602,262,786

Customs

The customs duties collected upon tobacco imports were as follows:

1925.....	\$35,428,000
1926.....	38,076,000
1928.....	40,016,000

The like duty collected upon cigarette paper for 1928 was about \$2,401,000.

This makes the total revenue from tobacco for 1928 of \$476,860,000, as compared with a total customs revenue, excluding tobacco, of about \$559,845,000.

A reduction of the duty upon wrapper tobacco would aid all the growers of filler and binder tobacco at no cost to the few corporations, the great producers of wrapper tobacco, as the latter now sell their product at a price much less than the present duty. The great smoking public would also be helped, as they could then get a much better cigar for the same money.

Tobacco tax collection, fiscal year 1928

North Carolina (51.6 per cent of total collected).....	\$204,473,504.55
Virginia.....	61,482,169.10
New York.....	32,910,253.29
Pennsylvania.....	16,134,531.79
New Jersey.....	16,021,290.10
Ohio.....	12,369,107.52
California.....	12,045,890.80

TAX PAID ON CIGARETTES AND CIGARS

Cigaretts, 1928

Cigarette paper:	
Customs duties.....	\$2,401,100
Internal-revenue duties.....	1,123,810
Total.....	\$3,524,910
"Turkish" tobacco:	
Customs duties.....	15,766,456
Cigarettes:	
Internal revenue, at \$3 per 1,000.....	301,828,345
Miscellaneous taxes (estimated).....	75,000
Total tax, 1928.....	321,194,711

In 1929 these figures materially increased, the tax on cigarettes collected amounting to \$342,034,060, based upon the actual sales, or an increase for the year of over 13 per cent. This would make the total taxes for 1929 on cigarettes total about \$364,000,000, or the equivalent of over 60 per cent of all the customs duties collected in 1929.

The internal-revenue duty upon cigarettes is still at the highest war level, never having been reduced, and is 0.3 of 1 cent on every single cigarette. The customs duty on the paper wrapper, and on the Turkish tobacco used, averages about one-fiftieth of a cent on each cigarette, totalling almost a third of a cent each.

CIGARS

The internal-revenue duty upon a 5-cent cigar is 0.2 of a cent, or only two-thirds of the duty on a cigarette. This duty on a cigarette retailing for about four-fifths of 1 cent is the same as it is on a cigar retailing for 8 cents each. A cigar selling for ten times as much as does the cigarette, pays the same tax as does the cigarette—0.3 of 1 cent each.

The cigar industry is languishing despite the reductions made on the cheaper cigars in 1926. The tax collected in 1928 was \$23,180,859, while for 1929 it was only \$22,871,826. The reason is the cost of manufacturing the ordinary cigar is so great that it can not sell in competition with cigarettes. The internal-revenue tax on a 5-cent cigar is 0.2 of 1 cent. The customs tax on the Sumatra wrapper for this cigar is 0.42 of a cent each. Miscellaneous taxes will increase this to a total of about two-thirds of 1 cent on each cigar. By the time this reaches the consumer, it equals fully a cent. Allow another cent as profit for the retailer, and one-half cent to the manufacturer and wholesaler, and we have only 2½ cents left to pay for the labor of manufacturing, overhead, local taxes, insurance, advertising, packing, transportation, filler, binder, and wrapper tobacco. Under these conditions the 5-cent cigar can not be made very attractive. This reacts on the growers of the binder and filler tobacco. In order to protect a few corporations engaged in growing wrapper tobacco, who sell their product for much less than the duty now imposed upon imported wrapper, the thousands of producers of filler and binder tobacco are deprived of a market for their products.

Mr. TRAMMELL. Mr. President, coming from a State where we have both growers of wrapper tobacco and large and extensive manufacturing interests, it seems to me that if possible a plan should be adopted that would be fair and protect both. I think to do this we should adopt the amendment of my colleague, Senator FLETCHER, to the proposed committee amendment, so as to make the duty on mixed bales of tobacco 40 cents per pound. With such duty on mixed bales, which would in a large measure take care of the Cuban wrappers, as this wrapper is imported mostly in mixed bales, then we could consider what duty should be fixed on whole-wrapper bales, which applies principally to Sumatra tobacco.

What I would like to see done would be to cut in half the duties as proposed by the Senate committee on mixed bales, which come from Cuba, and, after that is done, then we could go back to the question of whether we could fix the duty on exclusively wrapper bales at \$2.10 or \$2.50 a pound.

If we adopted at this time the amendment of the Senator from Kentucky [Mr. SACKETT], then we are barred from considering the two propositions. For that reason I would be glad if we could put off the question of voting on his amendment until we dispose of the other question. Should such parliamentary procedure be followed, all features of the situation would be considered on its merits. If we could have a vote on the mixed bale amendment and the duty was not reduced to not exceeding 45 cents a pound, it would then be time to reduce the House rate from \$2.50 to \$2.10 a pound on wrapper tobacco.

Mr. WALCOTT. Mr. President, I desire to make a very brief statement in support of my colleague and the argument made by the able Senator from Georgia [Mr. GEORGE] in favor of restoring the House rate of \$2.50 on unstemmed and \$3.15 on stemmed tobacco.

It is a fact, I believe, that this is the only country in the world that will allow foreign tobacco to come in in competition with native-grown tobacco. While there are no binders exported from foreign countries into this country, naturally the States of Ohio, Pennsylvania, and Wisconsin, which are binder-producing States, are not interested in any form of duty, while Connecticut, Massachusetts, Georgia, and Florida, which are wrapper-producing States, are vitally interested in a protective tariff.

There is at present about 8,000 acres of shade grown produced in Connecticut and Massachusetts, in Georgia and Florida about 4,000 acres.

On this particular type of tobacco thirty to thirty-five thousand people are employed during the growing and packing seasons. Further, there are used annually about 60,000,000 yards of cloth for the covering of the tobacco in the fields. This will take in the product in the neighborhood of 25,000 acres of cotton

grown in our Southern States, besides the employment that it gives to the cotton mills making the cloth. In addition to this, thousands of tons of wire cotton string and other commodities are used every year, which benefits some other industries in our country.

Production of shade grown was started in 1900, and this tobacco is declared by manufacturers of the highest-grade cigars to be the finest wrapper tobacco produced in the world. The highest grades of this tobacco, selling at from \$3 to \$5 a pound, are in great demand, but unfortunately the crop produces but a very small percentage of the grades which bring these prices. However, with the protective tariff the manufacturers who produce the class A cigar, selling at 5 cents, and which represents about 60 per cent of the cigar industry, could be induced to use the grades of tobacco that sell at from \$1 to \$2 per pound in place of the cheaper grades of Sumatra with which it comes in competition to-day.

We pay our employees a living wage, whereas the Sumatra tobacco is raised by enforced and coolie labor known as "contract labor," and, therefore, we are naturally under a great disadvantage here competing against a country growing tobacco under such labor conditions.

In the past five years there has been little if any money made by the domestic wrapper growers. This can be positively borne out by the financial statements of any leading operating concerns in this particular field. This is also equally true of the small and independent farmers. On the other hand, the large cigar manufacturers have made amazing strides and are showing big profits, which can also be borne out by analyzing the financial statements of any of the large cigar manufacturers. Consequently, the manufacturers who insist upon using Sumatra tobacco can do so with the increased duty of not less than \$3 and still show good profits on their manufacturing operations.

This condition is equally true of the growers of sun-grown tobacco in the Connecticut and Housatonic Valleys. There were raised at one time approximately 35,000 acres of the tobacco, the varieties known as Broadleaf and Havana seed.

At the present time there are approximately 22,000 acres grown, which leaves in the neighborhood of 13,000 acres of land and buildings idle, which can not be used for any other purpose than for growing and curing tobacco.

This sun-grown tobacco is raised by the small, independent farmers whose average acreage is about 6 acres, and who in the last few years have fared most disastrously in a financial way, which could be evidenced by the local banks throughout this valley.

Of the sun-grown tobacco at least 25 per cent could be used for wrapper purposes; but under the prevailing conditions only 2 per cent, or perhaps less, is being used as cigar wrappers.

If this greater percentage of wrappers should be used, it would immediately place a higher market value upon the sun-grown tobacco raised, and as fine a tasting cigar can be made from this tobacco as from any foreign wrapper tobacco imported into this country.

At the present time there are about 35,000 bales of wrapper tobacco imported into this country, and we feel confident that from all the abandoned land it would be a very easy matter to supplant any of the falling off which may possibly occur from an increased duty, thereby giving our farmers a better opportunity of getting a return from their investments and giving added employment to thousands of laborers in these tobacco-growing districts.

Practically every medium-sized and smaller cigar manufacturer of the United States is in favor of an increased duty on Sumatra tobacco. Those who are opposed are the very large interests, which can go to Holland and purchase their supply direct, thus causing a great hardship to the smaller manufacturer, who, consequently, has to purchase his tobacco in this country at advanced prices.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Kentucky [Mr. SACKETT] to the House text.

Mr. GEORGE. Mr. President, I think we ought to have a quorum. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Brookhart	Dill	Goldsborough
Ashurst	Broussard	Edge	Greene
Barkley	Capper	Fess	Hale
Bingham	Caraway	Fletcher	Harris
Black	Connally	Frazier	Harrison
Blaine	Copeland	George	Hastings
Blease	Couzens	Gillett	Hatfield
Borah	Cutting	Glass	Hawes
Bratton	Dale	Glenn	Hayden
Brock	Deneen	Goff	Hedin

Howell	Moses	Sackett	Thomas, Idaho
Johnson	Norbeck	Schall	Thomas, Okla.
Jones	Norris	Sheppard	Townsend
Kean	Nye	Shortridge	Trammell
Kendrick	Oddie	Simmons	Tydings
Keyes	Overman	Smith	Vandenberg
La Follette	Patterson	Smoot	Walcott
McCulloch	Phipps	Steck	Walsh, Mass.
McKellar	Pittman	Steiner	Walsh, Mont.
McMaster	Ransdell	Stephens	Waterman
McNary	Robinson, Ind.	Swanson	Wheeler

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present. The question is on the amendment proposed by the Senator from Kentucky [Mr. SACKETT].

Mr. EDGE. Mr. President, may we have the Senator's amendment stated.

Mr. GEORGE. Mr. President, I rise to submit a parliamentary inquiry. I ask to have the Chair state the amendment.

The VICE PRESIDENT. The clerk will report the amendment proposed by the Senator from Kentucky.

The CHIEF CLERK. On page 123, paragraph 601, line 7, the Senator from Kentucky proposes to strike out "\$2.50" and insert "\$2.10," and in the same line to strike out "\$3.15" and insert "\$2.75."

Mr. EDGE. Mr. President, as I understand the result of the amendment, if adopted, it would bring the duty back to the existing law. Is that correct?

Mr. SACKETT. That is correct.

Mr. GEORGE. That is my understanding. What I rose to inquire was this: By unanimous consent, amendments to the House text and the Senate committee text were to be considered together, were they not?

The VICE PRESIDENT. No; the two amendments submitted by the Senator from Kentucky to the House text are to be considered together. Under the rule the House text must be perfected first.

Mr. GEORGE. I understand that, but I understood the unanimous-consent agreement was that we were to vote upon both.

The VICE PRESIDENT. No; the unanimous-consent agreement was to take the vote on the two amendments proposed by the Senator from Kentucky in line 7. He offered two separate amendments.

Mr. GEORGE. So that a vote in favor of the amendment offered by the Senator from Kentucky is a vote for the present rate of \$2.10 on unstemmed and \$2.75 on stemmed wrapper tobacco?

Mr. SACKETT. That is correct.

Mr. GEORGE. Mr. President, before the vote is taken I want to repeat what I said this morning, though I am not going to detain the Senate very long.

We produce in the United States 11,000,000 pounds of wrapper tobacco. We import into the United States 6,000,000 pounds of wrapper tobacco, but the capacity of the imported tobacco is practically twice as great as that of the domestic tobacco, so that about 50 per cent of the wrapper tobacco of the quality under discussion is produced in the United States and about 50 per cent is imported. It is therefore obvious that 5-cent cigars are made in the United States and are wrapped with the domestic-grown wrapper. In other words, 50 per cent of them are wrapped with the domestic-grown wrapper.

It has been admitted in the debate that if the rate is fixed at \$2.10, as in the existing law, or if it is increased to \$2.50, as recommended and adopted by the House, the difference in the cost to the manufacturer will be too small for him to pass on to the consumer. Therefore the only question here, and I want to state it again, is whether we want to give the manufacturer more profit or whether we are willing to give the producer a chance to control more of the market—not to increase his price but to control more of the market.

Mr. President, the distinguished senior Senator from North Carolina [Mr. SIMMONS] called attention to the great burden borne by the tobacco industry. I agree with him in that statement, but the growers of wrapper tobacco bear the same burden and in the same degree. It is true that wrappers are grown only in the Connecticut Valley in the New England States, and then in the far South in a little area in Florida, Georgia, and perhaps in Alabama. That is quite true, but these producers bear all the burdens of taxation that are borne by other tobacco growers.

I ask the Senate to bear in mind that the producers of the wrapper tobacco from Connecticut to Florida made an earnest fight for a duty of \$4 upon this tobacco. When they failed to get \$4 they made an earnest fight for \$3.10. The House compromised with them and gave them only \$2.50, and now it is proposed, in a session of Congress called for the relief of the American farmer, to take that little mite away from the producers of wrapper tobacco and leave them just as they now stand under the existing law. I appeal to the Senate not to do it. If we

raise the duty to \$2.50, we will still have the 5-cent cigar and we will still have the Sumatra wrappers coming in and we will still use the domestic wrapper. The additional cost to the manufacturer is too small per hundred to pass on to the consumer. If we reduce the rate below \$2.10, we would still have the 5-cent cigar with both types of wrapper tobacco. The only thing involved is whether the American producer is to be given more of his home market. It is one of the clearest illustrations in the bill of the basic principle upon which any man can justify the protective theory; that is, the oft-asserted theory, at least, that a protective duty does not necessarily increase the price but it gives the producer more of his own market.

Mr. President, I have not the slightest fear that the farmers will be able to take full advantage of any duty imposed. I personally doubt whether he will be able in many instances to take any advantage of duties upon foreign products. Whatever view we may have about tariffs on manufactured products where it is possible for monopoly to exist either in the manufacture or the sale of the product, there never can be monopoly among the American farmers, either in the production or in the distribution of their products; and since there can be no monopoly control of the market, I am willing to give the American producer a chance to control his market, a chance to take all of his market. The farmer can not take advantage of the consumer; it simply is not possible for him to do that under any known principle of economy; and all we ask here is that he may be afforded a greater chance in the American market.

The Senator from North Carolina [Mr. SIMMONS] earnestly pleads for the great body of producers of tobacco; I plead for them likewise; and I say to the Senate that my State produces 70,000,000 pounds of cigarette tobacco, and less than a million pounds of the wrapper tobacco, but the burden upon the one is as great as is the burden upon the other. The wrapper growers came to Congress and earnestly asked first for \$4, and finally for \$3.10. The House gave them \$2.50, which is only 40 cents a pound more than the existing law. So, Mr. President, I plead with the Senate to vote down the amendment offered by the Senator from Kentucky. Such action will mean that we have accepted the rates fixed by the House after a very exhaustive hearing before its Ways and Means Committee.

Mr. SIMMONS. Mr. President, I sympathize with much that the Senator from Georgia has said. I trust, however, that the amendment offered by the Senator from Kentucky [Mr. SACKETT] will prevail. I sympathize with the desire of the Senator from Georgia to get a higher price for his wrapper tobacco, but the statistics all show—and I presume the Senator will not dispute them—that wrapper tobacco is selling to-day upon the open market for 55 cents a pound. Assuming that it costs that much to produce it—and I suppose it does cost very nearly that much to produce it—the duty under the present law, which in the amendment of the Senator from Kentucky it is proposed to continue, is already three times greater than the total cost of the production of the Georgia product.

It seems to me that no one ought to want greater protection than that. I can not understand how the argument can be made upon the theory that protection will increase the price of the domestic wrapper tobacco, in view of the fact that the price of the tobacco is only about one-half the price of foreign tobacco when sold in this country, without any tax at all paid and less than one-fifth of the price of the foreign article with the duty added.

Mr. GEORGE. Mr. President—

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Georgia?

Mr. SIMMONS. I yield the floor. I merely wanted to say a word in justification of my position.

Mr. GEORGE. Mr. President, I do not want to prolong the controversy with the Senator from North Carolina, but I want to call attention to the other tobacco duties which are carried in this same schedule. If the Senator will scrutinize them, he will see that relatively higher rates of duty exist on other tobacco products. For instance, on cigars, cigarettes, and cheroots of all kinds there is a duty of \$4.50 a pound and 25 per cent ad valorem.

Mr. SIMMONS. The duty is entirely too high all the way through.

Mr. GEORGE. It may be too high.

Mr. SIMMONS. And the duties carried in the present law are also too high. They ought to be reduced.

Mr. COPELAND. Mr. President, I intend to vote for the amendment offered by the Senator from Kentucky [Mr. SACKETT], reserving the right in the Senate to submit another amendment if it shall be deemed wise to do so.

I am surprised at the great earnestness with which the Senator from Georgia [Mr. GEORGE] has made his plea for this high rate of duty. In the States of Georgia, Florida, and Connecticut

there are raised only about 10,000,000 pounds of shaded tobacco, while in my State and other States adjoining it we are developing an industry which produces about 150,000,000 pounds of binder tobacco.

I do not think it possible, by any use of the imagination, to figure out that an increase of tariff on the wrapper tobacco would make further use for the domestic product. There is not any question but that much of the domestic wrapper is used; the figures show that. The quantity consumed is about the same as that which is brought in from Sumatra and elsewhere, but there is a demand for the flavor and the appearance of the wrapper which is supplied by the importations from abroad.

The appeal comes from my State not alone from the manufacturers but from those who raise tobacco and those who work in the factories. If there shall be an increase, as I previously pointed out, limited to one-eighth of a cent, as suggested by the Senator from Kentucky, that increase, small as it is, will justify the producers of the binder tobacco to ask for a better price, and it will justify those who labor in the factories being better paid. So, even though the amount which the manufacturers might receive would be increased slightly, in my opinion, it will be passed on to those who raise the binder, and to those who work in the factories. That is the reason why I should like to see the rate reduced below that suggested by the Senator from Kentucky, in order that there might be a sufficient saving actually to aid the consumer. That perhaps is impossible; but so far as the grower of the binder is concerned, and so far as the man who works in the factory is concerned, a reduction in the rate would undoubtedly mean an improvement of the economic condition of the raiser of the common tobacco and to those who labor in the factories. For that reason, I shall vote for the amendment of the Senator from Kentucky, but all the time feeling that the rate ought to be lower than he suggests.

Mr. HARRIS. Mr. President, I wish to call the attention of some Senators who were not present a few moments ago to the statement which I read from the tobacco manufacturers, representing those who manufacture three-fourths of all the 5-cent cigars produced in the United States. These cigar manufacturers are asking for a higher rate of duty than it is proposed to give. They want \$4 instead of \$2. My colleague has shown that it would be a discrimination against the tobacco growers of our section not to impose a higher rate, and that statement applies equally to the manufacturers.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Kentucky [Mr. SACKETT] to the portion of the House text proposed to be stricken out. [Putting the question.] By the sound the "ayes" seem to have it.

Mr. GEORGE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SIMMONS. Mr. President, there seems to be some mistake about the form of the question upon which we are voting. As I understand, a vote "yea" is to retain the rate of the present law?

The VICE PRESIDENT. That is correct. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BLEASE (when his name was called). I have a pair with the Senator from Maine [Mr. GOULD]. Not knowing how he would vote, I withhold my vote.

Mr. OVERMAN (when his name was called). Transferring the general pair which I have with the senior Senator from Wyoming [Mr. WARREN] to the junior Senator from Utah [Mr. KING], I vote "yea."

The roll call was concluded.

Mr. BRATTON. I have a general pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Kentucky [Mr. BARKLEY], and vote "yea."

Mr. BINGHAM (after having voted in the negative). I inquire if the junior Senator from Virginia [Mr. GLASS] has voted.

The VICE PRESIDENT. That Senator has not voted.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia. Being unable to obtain a transfer, I withdraw my vote.

Mr. SCHALL. I should like the RECORD to show that my colleague [Mr. SHIPSTEAD] is absent from the Senate on account of illness.

Mr. FESS. Mr. President, I wish to announce the following general pairs:

The Senator from Indiana [Mr. WATSON] with the Senator from Arkansas [Mr. ROBINSON];

The junior Senator from Rhode Island [Mr. HEBERT] with the Senator from New York [Mr. WAGNER]; and

The senior Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS].

Mr. SWANSON. I desire to announce that my colleague [Mr. GLASS] is necessarily detained from the Senate on official business.

Mr. SHEPPARD. I desire to announce that the senior Senator from Arizona [Mr. ASHURST], the junior Senator from Arkansas [Mr. CARAWAY], the junior Senator from Washington [Mr. DILL], and the junior Senator from Kentucky [Mr. BARKLEY] are necessarily detained from the Senate on official business, and that the Senator from Utah [Mr. KING] is necessarily detained by reason of illness.

The result was announced—yeas 49, nays 26, as follows:

YEAS—49

Allen	Hale	McNary	Simmons
Blaine	Harrison	Moses	Smith
Bratton	Hatfield	Norbeck	Smoot
Brock	Hawes	Norris	Steak
Capper	Hayden	Oddie	Stephens
Copeland	Howell	Overman	Swanson
Couzens	Johnson	Patterson	Thomas, Okla.
Dale	Jones	Phipps	Vandenberg
Deneen	Keyes	Pittman	Walsh, Mass.
Edge	La Follette	Robinson, Ind.	Walsh, Mont.
Fess	McCulloch	Sackett	
Goff	McKellar	Schall	
Greene	McMaster	Shortridge	

NAYS—26

Black	George	Kean	Townsend
Brookhart	Gillett	Kendrick	Trammell
Broussard	Glenn	Nye	Walcott
Connally	Goldsborough	Ransdell	Waterman
Cutting	Harris	Sheppard	Wheeler
Fletcher	Hastings	Steiner	
Frazier	Heflin	Thomas, Idaho	

NOT VOTING—20

Ashurst	Caraway	King	Shipstead
Barkley	Dill	Metcalf	Tydings
Bingham	Glass	Pine	Wagner
Blease	Gould	Reed	Warren
Borah	Hebert	Robinson, Ark.	Watson

So Mr. SACKETT's amendment to the House text was agreed to. Mr. SACKETT. Mr. President, I now move that the Senate committee amendments be rejected.

The PRESIDENT pro tempore. That can not be done at the minute. The question now recurs upon the amendment proposed by the Senator from New York [Mr. COPELAND].

Mr. COPELAND. Mr. President, I have no disposition to press my amendment at this time, as I said. I reserve the right to do so in the Senate.

The PRESIDENT pro tempore. That may be done without reserving the right.

Mr. COPELAND. If I may have the attention of the Senator from North Carolina [Mr. SIMMONS], he said in his debate that he would look into this matter and see whether he felt that any further reduction might be needed. What I shall do in the future will depend largely upon the conclusion reached by the Senator.

Mr. SIMMONS. I stated that I should reserve the right, when individual amendments are offered, if, after further investigation, I thought the rate was too high, to offer an amendment.

Mr. COPELAND. So I understood.

Now, Mr. President, if it is proper, I ask unanimous consent to withdraw my amendment.

The PRESIDENT pro tempore. The Chair understands the Senator from New York to have withdrawn his amendment for the present, reserving the right—which does not have to be reserved—to offer it as an amendment when the bill comes into the Senate.

Mr. SACKETT. I now ask that the committee amendments to paragraph 601 be rejected.

Mr. FLETCHER. Mr. President, a parliamentary inquiry. Does that mean the whole committee amendment?

Mr. SACKETT. No.

The PRESIDENT pro tempore. It means subdivision (a) as it now stands.

Mr. SACKETT. Subdivisions (a), (b), and (c)—the whole amendment.

Mr. FLETCHER. No, Mr. President; I understand that the whole amendment is to strike out lines 3 to 9, on page 123, and insert lines 10 to 25, inclusive. That is the whole amendment.

Mr. SMOOT. That is the committee amendment.

Mr. FLETCHER. Is that involved in the question whether or not the Senate shall agree to the committee amendment?

The PRESIDENT pro tempore. That has been substantially disposed of by the vote just taken. The Senator from Florida has an amendment pending on line 19, which comes under the next subdivision, namely, (b).

Mr. FLETCHER. I have that amendment pending, provided we get to it. The effort now, as I understand, is to reject the whole committee amendment. In that case there will be no paragraph (b) or paragraph (c).

The PRESIDENT pro tempore. The Chair intends to put the question with reference to subdivisions (a), (b), and (c).

Mr. SMOOT. That is right.

The PRESIDENT pro tempore. The Senator from Kentucky has made no motion, as the Chair understands, because no motion is necessary.

Mr. FLETCHER. Yes; I understand.

The PRESIDENT pro tempore. The question is upon agreeing or disagreeing to paragraph (a), which has been under discussion. That is the question now before the Senate.

Mr. SMOOT. Paragraphs (a), (b), and (c).

Mr. SIMMONS. Why can we not vote upon all three of those paragraphs at once?

The PRESIDENT pro tempore. The Senator from North Carolina will recall that he himself asked unanimous consent to divide the question.

Mr. SIMMONS. I did ask it; but I do not wish now, in view of the action of the Senate, to have that done.

The PRESIDENT pro tempore. The Senator can now ask unanimous consent otherwise.

Mr. SIMMONS. There has been action by the Senate which is satisfactory to me for the present, and therefore I do not ask for a division.

Mr. SMOOT. Mr. President, I now ask that the Senate reject the committee amendment designated as paragraphs (a), (b), and (c).

The PRESIDENT pro tempore. The Senator from Florida [Mr. FLETCHER] has pending an amendment which is on the desk and will have to be submitted with reference to paragraph (b).

Mr. SMOOT. Has the Senator submitted that amendment?

The PRESIDENT pro tempore. Yes.

Mr. SMOOT. Then all we have to do is to vote it down.

The PRESIDENT pro tempore. Inasmuch as the general proposal is to strike out and insert, the request of the Senator from Utah is in order.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. FESS. A negative vote on striking out and inserting will leave the House provision as amended by the Senate; will it not? Is not that what we want to do?

The PRESIDENT pro tempore. The Chair will state that that is what will be the result. Whether or not that is what the Senate wants to do, the Chair can not state.

Mr. FLETCHER. Mr. President, I have no objection to voting on the whole committee amendment at one time.

The PRESIDENT pro tempore. Does the Senator from Florida, then, withdraw the pending amendment which he has offered?

Mr. FLETCHER. For the present, and for the purpose of determining this question, I withdraw it; but I ask to have inserted in the RECORD, in connection with my proposed amendment, the briefs which I send to the desk.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

BRIEF ON BEHALF OF CLEAR HAVANA CIGAR MANUFACTURERS OF TAMPA, FLA., IN OPPOSITION TO THE ENACTMENT INTO LAW OF SUBPARAGRAPH B, PARAGRAPH 601, SCHEDULE 8, AS TENTATIVELY AGREED TO BY THE SENATE COMMITTEE ON FINANCE IN CONNECTION WITH THE PROPOSED TARIFF ACT

This brief is presented solely on behalf of the manufacturers of clear Havana cigars; that is, cigars that are made entirely from tobacco imported from Cuba, inasmuch as manufacturers of other grades of cigars would not be affected to any appreciable extent by the proposed legislation.

Prior to the year 1855 the manufacture in the United States of cigars from imported Cuban tobacco was practically unknown, substantially all of the factories engaged in this class of industry being located in Cuba. About that time a few manufacturers of this class of cigars brought their factories with their skilled workmen to the United States. These factories were principally located in Key West, Fla., and New York City. The industry progressed somewhat until about the year 1885, when, because of constantly recurring labor troubles at Key West, certain manufacturers determined to move their factories elsewhere. Tampa was finally selected as a desirable location by two of the leading factories engaged in the business, viz, Sanchez y Haya and V. Martinez Ybor & Co. These two factories were the pioneers in the development of the cigar industry of Tampa, but their example was very soon followed by others until the industry became a very substantial factor in building what had previously been a small village to an important city and seaport. For many years substantially all of the cigars manufactured in the factories at Tampa were of the clear Havana variety, but due to increasing cost of raw material, labor, and other elements

incident to the production of the finished package of cigars, as well as to the tremendous increase in duty and internal-revenue taxes, many of the manufacturers abandoned the manufacture of clear Havana cigars and commenced the production of cigars made of fillers grown in Cuba, but of domestic binders and wrapped with wrapper tobacco grown in Connecticut, Florida, or imported Sumatra. This latter class of cigars, particularly those wrapped with Connecticut-grown wrappers, is commercially referred to as "shade grown," which distinguishes it as a class from the other Havana or cigars made entirely from Cuban-grown tobacco. There are many other types of cigars manufactured in the United States, some entirely from domestic-grown tobacco, some from Havana filler, domestic-grown binders and wrappers, some wrapped with imported Sumatra or Florida wrappers, and various other types made from blends of tobaccos grown in different districts of the world producing cigar tobacco, but there is only one type of cigar that can be properly classified as clear Havana and that is a cigar made wholly as to filler, binder, and wrapper from tobacco grown in Cuba.

Cuban-grown tobacco is a distinctive product. Due to soil, climatic, and other conditions attending the growing of tobacco in Cuba that product has peculiar properties of texture, color, burn, and aroma that can not be found in tobacco grown anywhere else in the world. Repeated experiments have been made of bringing Cuban tobacco seed and even bringing Cuban soil to other parts of the world in an effort to reproduce the Cuban product, but these experiments have not proven successful, and it must be conceded by anyone who has made a study of the subject and can be classified in any way as an expert that the Cuban product stands by itself as distinctive and different in many essential respects from tobacco grown in any other tobacco-producing section of the world. This brief is not intended as an argument that Cuban tobacco is better than any other tobacco. It is conceded that the taste of the individual consumer must determine in each individual case the question of superiority. It is admitted that many habitual users of domestic grown and other grades of tobacco other than Cuban tobacco do not care for the Cuban product, but it must also be admitted that the habitual smoker of clear Havana cigars rarely finds the desired satisfaction in any other class of cigars. Therefore, the cigar made wholly of Cuban tobacco is but to a very slight extent in competition with cigars made wholly or in part from domestic-grown tobacco, except in the sense that all merchandise of a similar kind is in competition.

The total annual production of cigars in the United States, as shown by the records of the Internal Revenue Department, is approximately 7,000,000,000. Of these the cigar factories located in the city of Tampa produced during the year 1928, 506,331,219. Of this latter quantity not over 100,000,000, or less than 20 per cent, were of the clear Havana type or made entirely from tobacco imported from Cuba. It has been variously estimated that clear Havana cigars manufactured in the United States during 1928, outside of the city of Tampa, amounted to from 50,000,000 to 100,000,000. It is probable that the first estimate is more nearly correct. The production for 1928 was, if anything, slightly above the average. It will therefore be seen that out of an annual average production of approximately 7,000,000,000 cigars in the United States the class of cigars known as clear Havana produced amounts to not exceeding 200,000,000, or not exceeding 2½ per cent of the whole. The reason for this greatly reduced production of this class of merchandise as compared with the quantity formerly produced in this country will be made apparent later on in this brief. These figures at this time are presented primarily to emphasize the fact that the quantity of clear Havana cigars produced in the United States is so negligible as compared to the total of cigars produced that no good purpose could be served to the industry as a whole, or to the growers of domestic tobacco, by imposing further burdens upon that class of industry that will serve to further reduce it in volume. It is not a factor to be seriously reckoned with by the producers of cigars in the manufacture of which domestic-grown tobacco is used, and being a distinctive part of the industry, legislation tending to make it unprofitable will merely destroy it and result in no benefit to any other branch of the tobacco industry.

Clear Havana cigars are not in competition with other cigars produced in the United States, for the further reason that, due to high cost of materials and high duties paid thereon, the manufacturer of that class of merchandise is compelled to either advance the price of his cigars or reduce the size of the cigars to a point where they can appeal only to the consumer who desires nothing except a clear Havana cigar. From a merchandising standpoint they do not appeal to the nondiscriminating smoker who merely wishes a cigar to smoke.

The clear Havana cigar factories in the United States can not operate with a reasonable profit if the proposed legislation is enacted.

As above pointed out, the consumption of the clear Havana cigars in the United States has greatly declined in recent years. This is largely due to the fact that because of increasing costs in the production of the article the manufacturers have been compelled to advance the prices at which their product is sold to a point at which the average smoker either can not or will not buy. The manufacturers have advanced the prices on their goods to the extreme limit and any further advance would merely result in destroying the market. A few years ago all

cigars produced in this country were subject to an internal-revenue tax of \$3 per thousand. Under the act of February 26, 1926, an internal-revenue tax was imposed upon cigars, as follows:

	Per 1,000
Class A cigars retailing at not more than 5 cents each	\$2.00
Class B cigars retailing at more than 5 cents and not more than 8 cents each	3.00
Class C cigars retailing at more than 8 cents and not more than 15 cents each	5.00
Class D cigars retailing at more than 15 cents and not more than 20 cents each	10.50
Class E cigars retailing at more than 20 cents each	13.50

If the manufacturer finds it necessary to advance the price of his goods to the jobber, the jobber is compelled to advance the price to the retailer, and the retailer is compelled to advance the price to the consumer, which, on account of the narrow margin between cost of production and ultimate retail selling price, will in most instances force the goods into a higher classification, thereby imposing an increase of the internal-revenue tax amounting to more than any possible advance in price the manufacturer can impose. It is, therefore, obvious that any increase in the tariff or other cost of production must come out of the manufacturers, and if it is true, as will hereinafter be shown, that the present profit of the manufacturer of this class of goods is so small that he is unable to absorb any additional cost without operating at a loss, then legislation imposing such additional cost is neither protective nor productive of additional revenue, but is merely destructive of the industry.

It has been contended that although the production of clear Havana cigars in the factories operating in the United States at present runs annually from one hundred fifty to two hundred million, yet by taking as an estimate 4 pounds of wrapper to each thousand of cigars produced—which it is admitted is a fair average—the importers have not been paying to the Government duty on sufficient wrapper tobacco to provide the wrappers for the quantity of cigars produced. This is admitted to be true. It is admitted that the duty paid on wrapper tobacco imported from Cuba annually is only sufficient to cover less than one-third of the number of pounds of tobacco required to wrap the number of clear Havana cigars manufactured in this country. These high-grade wrappers are used to cover the largest and highest grades of cigars made. It is not admitted, however, that the excess of cigars produced is wrapped with what is commercially known as wrapper tobacco, and in order to support this statement it is necessary to explain the method of growing, curing, and packing tobacco employed in Cuba, and to furnish information as to the grades of Cuban-grown tobacco that are imported and used in clear Havana cigar factories operating in this country.

Tobacco is principally grown in Cuba in three Provinces: (a) Pinar del Rio, (b) Havana, and (c) Santa Clara.

The Pinar del Rio Province produces a grade of tobacco that is known to the trade as "Vuelta Abajo." This is a very heavy, dark tobacco. It is principally suitable for filler, although some of it is used for wrappers.

The Habana Province produces tobacco that is known to the trade as "Partidos." This tobacco is of a lighter weight, texture, and color, and from it is selected the choicest wrapper tobacco, although a large part of it is commercially classified as binders and fillers.

The Santa Clara Province produces what is known as "Remedios" tobacco, which is usually suitable only for fillers and binders, is of light color, and is used largely by the manufacturers of shade-grown-wrapper cigars, or cigars wrapped with tobacco grown in Connecticut and other parts of the United States or Sumatra wrappers.

The dealers or packers of tobacco in Cuba usually buy the growing crops in the fields, and when the crops come to maturity direct the cutting of the stalks on which the leaves are growing. These stalks are hung up in barns so that the leaves may dry and change from the natural green color to the darker color that is a step in the process of curing the leaf. After the leaf has dried and the color has sufficiently changed, the stalks are taken down, the leaves stripped from them, and packed in piles under conditions of moisture that produce a sweating process designed to eliminate the undesirable vegetable matter and to give the leaf a pliable condition in order to suit it for working into cigars. This process also further changes the color of the leaf. After the sweating process is completed the leaves are taken out of the piles and are then graded by experts, who select from them the highest grades that are commercially recognized as wrappers. These leaves, according to the Cuban standard of classification, are required to be free from stains and spots and veins, of suitable color and size and texture, as well as free from all conditions that will interfere with a uniform burning quality. These leaves are usually graded into 12 classes, according to the qualities above indicated.

All other tobacco found in the processes of curing and packing is classified as "resagos" or rejects. These resagos are ordinarily classified into 12 grades. The first eight grades of resagos are made up of large leaves possessing most of the qualities of one of the classes of wrapper tobacco but defective in some respects. The remaining four grades, in order, are considered less desirable. There are also other

grades of tobacco developed in the curing and packing process, such as small leaves suitable for wrapping small cigars, but not possessing the commercial qualities of wrapper tobacco, binders, and fillers, but in the method employed in curing and packing Cuban tobacco everything except the first 12 grades of "capa" or wrappers is classified as binders or fillers. The care with which the grading and selection of resago leaves is made is not equal to that employed in selecting and classifying the wrapper grades, because the wrappers are the most valuable part of the crop, and the packers realize that the manufacturers will, in utilizing the resago grades, have them again carefully selected by experts at the time the same are made into cigars, and it has been found that the cost of carefully grading the resago leaves is out of keeping with any advance in price the packer could hope to receive from more carefully classifying the same.

After the tobacco is so classified it is packed into bales of about 100 pounds each, the bales being as nearly as practicable, under the system employed, made up of a uniform class of tobacco, but after these bales are put up and inclosed with wrapping and stored in warehouses, the tobacco undergoes further changes, with the result that when the bales are opened leaves that appeared at the time of putting up the original pack to be resagos may possess practically all of the qualities of one of the grades of "wrappers." This is not a uniform condition but applies only to varying percentages of leaves in the different bales, depending entirely upon the quality and condition of the tobacco at the time it is put in the pack and the conditions surrounding it during the period of storage.

Except in rare instances, the manufacturer has nothing to do with packing the bales of tobacco. He goes to the warehouses where the tobacco is stored, and after it has been seasoned, and buys different bales of tobacco according to his requirements. Sometimes he buys bales that have been in storage for several years during which time the changes above mentioned have been going on in the contents of the bales. In making his purchases the manufacturer does not examine the entire bale but usually buys according to samples taken from one or more bales out of an entire lot that he buys. The dealer, after the tobacco is packed, classifies it according to the crop—that is, the name of the farm on which it is grown and the year of its production—and a manufacturer after taking samples from one or more bales from a particular crop will buy all or a part of that crop, according to his requirements. The tobacco is then imported into the United States. The manufacturer does not see the contents of the bales until the same have been examined by the expert Government examiner and classified, appraised, and the duty assessed upon it at the port of entry. He does not know how much duty he will have to pay upon a particular bale until after he receives the report of the examiner.

The foregoing statement will serve as an explanation of the large percentage of mixed bales of tobacco imported from Cuba, because under the system employed in curing and packing the tobacco it is manifestly impracticable to avoid packing with bales classified by the packers as resagos or filler a certain percentage of leaves that, because of difference of opinion between the packers and the examiner at the port of entry of the United States, or because of changes in the condition of some of the leaves after packing, are classified by the examiner as wrappers.

Under paragraph 602 of the Fordney-McCumber Act, as well as subparagraph 602 of the pending act, wrapper tobacco is defined as "that quality of leaf tobacco which has the requisite color, texture, and burn and is of sufficient size for cigar wrappers," and the only fair method of determining whether or not tobacco sought to be imported into this country comes within that definition is to apply the standard of grading employed by the Cuban packers in classifying the first 12 grades of tobacco as wrappers, and it is only that percentage of tobacco that the examiner finds in the mixed bales that should have been classified within one of the 12 first grades that he is justified in classifying as wrapper and assessing wrapper duty upon.

Owing to the prohibitive tariff upon wrapper tobacco, there are very few bales of wrapper tobacco, according to the Cuban classification, imported into this country. Due to the extensive use of Vuelta Abajo and Remedios tobaccos for fillers, the importation of bales of filler is substantial, but due to the system employed by the packers of classifying the Partidos crop of Habana Province a large percentage of the bales of that product imported is found to be of the mixed variety. That is, a certain percentage of tobacco classified by the examiner as wrapper in each bale. Under the existing law if this proportion amounts to more than 35 per cent, the entire bale is classified as wrapper, and the importer is required to pay wrapper duty on the whole. Information furnished by the local customhouse is to the effect that the average quantity of wrapper found in mixed bales brought into this port is approximately 15 per cent, and this brings us to a discussion of the effect upon the importers of these mixed bales of proposed subparagraph (b) of section 601 above referred to.

Under the present tariff a duty of \$2.10 per pound is assessable on wrapper tobacco imported, and a duty of 35 cents per pound is assessable on filler, provided that if a bale contains more than 35 per cent of wrapper the entire bale is assessable as wrapper. These duties are subject to a 20 per cent reduction under the existing treaty with Cuba, making a

net duty of \$1.68 per pound on wrapper and 28 cents per pound on filler. Under the proposed subparagraph (b) of section 601, a flat duty of \$7½ cents per pound is assessable on wrapper bales containing more than 5 and not more than 35 per cent of wrapper; or, allowing for the 20 per cent deduction, a flat duty of \$70 per bale on mixed bales containing more than 5 per cent and not more than 35 per cent of wrapper. The following table will illustrate how this proposed change in the law will operate on 30 mixed bales of 100 pounds each, starting with a bale containing 5 per cent of wrapper and ending with a bale containing 35 per cent of wrapper:

Per cent	Duty under present tariff act based on mixed bales weighing 100 pounds net			Duty as proposed by Senate Finance Committee
	Wrapper duty	Filler duty	Total	
5.....	\$8.40	\$26.60	\$35.00	\$28.00
6.....	10.08	26.32	36.40	70.00
7.....	11.76	26.04	37.80	70.00
8.....	13.44	25.76	39.20	70.00
9.....	15.12	25.48	40.60	70.00
10.....	16.80	25.20	42.00	70.00
11.....	18.48	24.92	43.40	70.00
12.....	20.16	24.64	44.80	70.00
13.....	21.84	24.36	46.20	70.00
14.....	23.52	24.08	47.60	70.00
15.....	25.20	23.80	49.00	70.00
16.....	26.88	23.52	50.40	70.00
17.....	28.56	23.24	51.80	70.00
18.....	30.24	22.96	53.20	70.00
19.....	31.92	22.68	54.60	70.00
20.....	33.60	22.40	56.00	70.00
21.....	35.28	22.12	57.40	70.00
22.....	36.96	21.84	58.80	70.00
23.....	38.64	21.56	60.20	70.00
24.....	40.32	21.28	61.60	70.00
25.....	42.00	21.00	63.00	70.00
26.....	43.68	20.72	64.40	70.00
27.....	45.36	20.44	65.80	70.00
28.....	47.04	20.16	67.20	70.00
29.....	48.72	19.88	68.60	70.00
30.....	50.40	19.60	70.00	70.00
31.....	52.08	19.32	71.40	70.00
32.....	53.76	19.04	72.80	70.00
33.....	55.44	18.76	74.20	70.00
34.....	57.12	18.48	75.60	70.00
35.....	58.80	18.20	77.00	70.00
Total.....	1,041.60	694.40	1,736.00	2,128.00

However, the records of the local customhouse show that the wrapper content of the average mixed bale examined at this port is 15 per cent, which would give the following result on 30 bales:

	Wrapper duty	Filler duty	Total
30 mixed bales of 100 pounds each containing 15 per cent wrapper.....	\$756.00	\$714.00	\$1,470.00
UNDER SUBPARAGRAPH B			
30 bales at \$70 each.....			2,100.00
Added duty.....			630.00

or an increase of 0.428 plus per cent over existing tariff rates.

To further illustrate the effect of proposed subparagraph (b), the following table of actual importations of mixed bales of tobacco by the firm of Corral-Wodiska y Ca, of Tampa, the largest clear Havana cigar factory in the world, for the period from January 1, 1929, to June 30, 1929, is presented:

Mixed bales of tobacco imported from Cuba from January 1 to June 30, 1929

Number of bales	Per cent	Duty	Weight
8.....	5	\$263.38	752½
54.....	6	1,785.78	4,906
3.....	7	98.66	261
69.....	8	2,441.96	6,299½
78.....	10	2,963.31	7,055½
71.....	12	2,848.61	6,358½
49.....	14	2,076.08	4,861½
15.....	15	669.10	1,365½
24.....	16	1,051.34	2,086
29.....	18	1,393.58	2,619½
51.....	20	2,528.95	4,516
19.....	22	1,001.95	1,704
21.....	24	1,165.48	1,892
4.....	25	245.70	390
7.....	26	430.51	668½
13.....	28	829.58	1,234½
25.....	30	1,567.30	2,239
11.....	32	754.57	1,036½
7.....	34	547.72	724½
22.....	35	1,478.79	1,920½
660.....		26,142.35	52,321

Recapitulation

8,208,905 pounds, at \$1.68	\$13,790.96
44,112,095 pounds, at \$0.28	12,351.39
52,321,000	26,142.35

The duty actually paid upon 52,321 pounds of tobacco imported in mixed bales by this company during the period under the existing tariff amounted to \$26,142.35. Under proposed subparagraph (b) all except eight bales of this tobacco, weighing 752½ pounds, would have been assessable at the net rate of 70 cents per pound, making a total duty of \$36,271.28, or an increase in dollars and cents of \$10,128.93.

During the fiscal year ended June 30, 1929, the total importation of mixed bales of tobacco at the port of Tampa was 5,035 bales, weighing 468,337 pounds. Of this tobacco 68,716 pounds was assessed as wrapper at \$2.10 per pound less 20 per cent, amounting to \$115,442.88, and 399,621 pounds was assessed as filler at 35 cents less 20 per cent, or \$111,893.88, making a total of \$227,336.76 duty assessed and collected. Under the proposed subparagraph (b) this entire 468,337 pounds would have been assessed at 70 cents per pound, making a total of \$327,835.90 duty, or an increase of \$100,499.14, or 44 plus per cent.

The firm of Corral-Wodiska y Ca, during the calendar year 1928, manufactured 27,826,284 clear Havana cigars, the gross selling price of which amounted to approximately \$2,950,000. On this production it paid to the Government the following tribute:

Duty on leaf tobacco	\$257,946.07
Internal-revenue stamps and income tax	231,582.01
Total	489,528.08

Or approximately one-sixth of its gross revenue was paid to the Treasury of the United States.

During the year 1928 the firm of Cuesta, Rey & Co., one of the largest clear Havana manufacturing companies in Tampa, produced 13,959,500 cigars at the following costs per 1,000 for tobaccos and duties:

Tobacco	\$276,265.92
Per 1,000	19.79
Duties	104,886.40
Per 1,000	7.51

Adding to these costs the proper charges for internal-revenue tax, labor, advertising, selling costs, etc., the average profit per 1,000 realized by the factory was \$1.84.

During the year 1928 the firm of Arguellos Lopez & Bros., a large, clear Havana cigar factory in Tampa, paid on its production an average of \$18.80 per 1,000 cigars for tobacco, and \$4.28 per 1,000 for duties, and after paying all other proper costs realized a profit of \$1.11 per 1,000 on its production.

The three factories named are three of the largest clear Havana cigar factories in the world and have been engaged in business for many years. They are scientifically conducted, and yet either one of them would have profited more if the capital actually employed in their respective businesses had been invested in Liberty bonds instead of in the clear Havana cigar business.

This brings us to a discussion as to how, under the difficult marketing conditions, high taxes, high cost of labor and materials, these factories have been able to survive to the present time.

It is no secret in the trade that a very large percentage of the clear Havana cigars made in the United States are not wrapped with tobacco that is commercially known and classified by the Cuban packers of the Cuban-grown tobacco as wrapper, and it is only by the exercise of the utmost of skill and economy in regrading and in utilizing for wrappers leaves of tobacco that under the Cuban classification are resagos or fillers that the clear Havana cigar manufacturers operating their factories in the United States are able to produce a cigar made entirely from Cuban-grown tobacco and sell it to the consuming public at a price the public will pay. These manufacturers could not pay the market price of wrapper tobacco according to the Cuban classification and pay duty on the same at \$1.68 per pound and make a cigar which they could sell at a price the public would pay for it, or at least the demand for so expensive an article of luxury would be so limited that the factories could not do a sufficient volume of business to justify overhead expenses. The situation is well summarized in an editorial appearing in the Tobacco Leaf, the leading tobacco trade journal in the United States, under date of August 24, 1929, in which the editor comments upon the effect of proposed subparagraph (b) upon the clear Havana cigar industry of this country. The following is quoted from that editorial:

"But it may be urged by some who are not familiar with the practical aspects of the case, why do the clear Havana manufacturers not have their tobacco packed in bales containing between 30 and 35 per cent wrapper and thus pay about the same they pay under the present method, or a little less?

"Simply because human judgment is a very undependable thing. What one man calls a wrapper another might not. The two ablest experts in the tobacco business might easily and in all honesty disagree by 10 per cent or even more, as to the percentage of wrappers in a given bale which they had examined. The tobacco might be packed with the hon-

est intent that it should meet the requirements of this situation, and still an appraiser might appraise the bale as having more than 35 per cent wrapper, which would throw upon it the burden of the wrapper rate in its entirety. This would make it absolutely unusable by the factory that imported it.

"Very few Havana wrappers are imported into this country. The bulk of the domestic clear Havana cigars are wrapped with leaves that in Cuba are classed as resagos, or rejects, corresponding in grade with the binder grades of domestic tobaccos. The real wrappers are bought and used almost entirely by the Cuban factories. But, it may be urged, 200,000,000 clear Havana cigars are made in this country every year. What are they wrapped with? The actual facts are that 98 per cent of them are wrapped with binders. The fact that they are large enough to go around a cigar does not make them wrappers.

"The Government itself defines wrapper as being 'that quality of leaf tobacco which has the requisite color, texture, and burn, and which is of sufficient size for cigar wrappers.' But about the only quality that the appraisers take into consideration is size. Instead of being mulcted and defrauded, as many people seem to believe, by the importation of wrappers which pay the filler rate, the Government, by imposing the wrapper rate upon Cuban tobacco that is not wrapper receives from the manufacturers of clear Havana cigars a substantial sum to which it is not actually entitled, upon the basis of 28 cents for filler and \$1.68 for wrapper.

"Well-posted members of the clear Havana industry calculate that the new method of taxation (proposed subparagraph (b)) will mean \$5 additional (per thousand) in the cost of making clear Havana cigars in this country. The industry is in no position to stand this additional burden."

There is no clear Havana cigar factory in the United States that for the past 10 years has averaged \$5 per thousand net profit on its production. It is doubtful if any of them have averaged one-half that much. However, we estimate that the added cost of production under this proposed change in the tariff will amount to an average of about \$2 per thousand cigars manufactured. If this additional burden is imposed upon the industry, with the result that it can not be conducted profitably, it is inevitable that the industry must cease to operate, because the increase will absorb such a large percentage of the average profits these factories have been accustomed to make that they can not afford to remain in business, subject to the usual hazards of trade, with no prospect of a fair return on their invested capital and personal efforts. There will be nothing to take its place, because there is nothing else like it in the tobacco business. Those who are engaged in the clear Havana industry at present may be driven into the "shade-grown" business, but that will be merely the establishment of new business enterprises. The clear Havana industry will nevertheless be destroyed, with the result that the Government will receive no more revenue on importations of wrapper tobacco, because the shade-grown industry imports nothing but filler tobacco. In addition the internal-revenue tax paid by the clear Havana manufacturers on the highest grades of cigars will become negligible, because the largest proportion of cigars upon which internal-revenue tax is paid under "D" and "E" classifications are the product of the clear Havana cigar factories.

The effect of subparagraph (b) obviously, therefore, will be to destroy the clear Havana cigar industry in this country and to substantially reduce the revenue the Government is now receiving from the tobacco industry as a whole, without in any way benefiting any other branch of the tobacco industry.

The proposal to include subparagraph (b) of section 601 in the pending tariff act was evidently inspired by a misunderstanding on the part of the members of the Senate Finance Committee resulting from certain testimony that was given at the hearings before the committee on June 14 and June 15, 1929, particularly the testimony of Mr. Manuel Perez and the testimony of Mr. Lee R. Munroe. Mr. Perez gave as an estimate that the total production of clear Havana cigars in the United States per annum is approximately 250,000,000. In this we believe he was in error, as while there is no definite source of information, we are confident from our knowledge of conditions existing in the trade that the total production of this class of cigars in the United States for the year 1928 did not exceed 150,000,000.

Mr. Munroe stated that the records of the Treasury Department show that wrapper duty was paid during the year 1928 on only about 100,000 pounds of wrapper tobacco imported from Cuba, and that in accordance with the testimony of Mr. Perez 4 pounds of wrapper are required for each thousand cigars manufactured, and, therefore, there was a resulting discrepancy between wrapper tobacco used in the manufacture of clear Havana cigars in this country and wrapper duty paid on wrappers imported from Cuba to the extent of approximately 900,000 pounds, and apparently the members of the Senate Finance Committee reached the conclusion that through some improper practices a large amount of wrapper tobacco, upon which filler duty only is being paid, is being imported into this country from Cuba under the existing tariff law.

The error of the statement of Mr. Munroe is shown on page 1013, Summary of Tariff Information, 1929, compiled by the United States

Tariff Commission, which discloses that wrapper duty was paid on 195,986 pounds of tobacco imported from Cuba during 1928.

If our estimate of 150,000,000 total production is correct, it, therefore, appears that sufficient wrapper tobacco was imported during 1928 to wrap approximately one-third of the clear Havana cigars produced.

Previously in this brief an explanation has been given of the methods prevailing in curing, selecting, and packing tobacco in Cuba and of the utilization by clear Havana cigar manufacturers in the United States of tobacco commercially known as filler for the purpose of wrapping cigars. It is highly improbable that if the Senate Finance Committee had been fully informed as to the facts the proposal complained of would have been submitted, because indisputable proof could have been produced that by far the greater percentage of clear Havana cigars produced in the factories in the United States, particularly the smaller sizes, are covered with leaves that could in no way be classified as "wrappers." The mere fact that filler leaves are used on some cigars as wrappers does not make them wrappers, dutiable as such, if according to the accepted standard in the trade the tobacco so used can be classified only as filler. Moreover, it can be proven that the estimate given by Mr. Perez as to the quantity of clear Havana cigars manufactured in the United States was erroneous, as we are confidently of the opinion that the total average annual production of the factories in the United States making this class of cigars does not exceed 150,000,000.

Adverting to the question as to what is and what is not a wrapper, we have but to resort to the records of the United States Court of Customs Appeals to disclose that rarely do experts agree upon this difficult question. We have in mind one case originating in Tampa in which a protest was filed by the importer against the appraisal made by the examiner of the port on certain bales of tobacco. Twelve expert witnesses were produced by the Government and six expert witnesses were produced by the importer, and no two of these witnesses, all of whom were men of experience and established reputation for integrity, agreed upon the percentage of wrapper tobacco contained in several bales under investigation. The divergence of opinion was so great in some instances that the court commented upon it.

The difficulty confronting the expert examiner in arriving at definite results in determining the quantity of wrapper tobacco in any given bale was recognized by the United States Circuit Court of Appeals for the Second Circuit in the case of *United States v. 15 Bales of Tobacco*, reported in 147 Federal Reporter, page 127, in the opinion in which case the court used the following language:

"The testimony shows conclusively that there is a wide diversity of opinion among expert tobaccoists as to the proper classification of tobacco into the two groups of wrappers and fillers, a carrot which is accepted as wrapper by one may be rejected by another. It is largely a matter of opinion, and, within certain limits, it is so recognized both by the trade and the officers of the Government. No two of the witnesses in the present controversy are in perfect accord."

Again, in the case of *St. Elmo Cigar Co. v. The United States* (T. D. 36047-G. A. 7838), a contest was made by the importer on the appraisal of 12 bales of tobacco. In that case eight Government expert witnesses testified as to their opinions on the wrapper content of the various bales, with the result that there was practically no agreement between the various witnesses, some of them varying in opinion as much as 80 per cent. The following table showing the testimony given by these various witnesses from the record of that case is submitted:

Government expert witnesses and percentage of wrappers found by each

No. of bale	Kohn	Lahmann	Opp	Steigerwald	Diaz	Benton	Dresdner	Sumek
14066.....	25	50	45	40	55	60	25	82
14068.....	25	50	60	44	65	45	26	71
14041.....	25	15	30	40	60	45	25	66
14043.....	12	15	15	44	60	45	15	73
14047.....	15	40	15	50	75	40	15	70
14050.....	25	50	45	50	60	50	22	72
14051.....	15	15	15	44	70	50	15	70
14107.....	25	51	35	35	40	50	25	82
14109.....	8	12	15	30	40	35	10	91
14111.....	10	12	12	40	40	30	10	92
14112.....	9	50	25	30	30	30	5	89
14105.....	25	50	35	44	55	50	25	89

Under the prevailing system the Government examiner, who is the sole judge, is naturally inclined to resolve all doubts in favor of the Government, and it is generally accepted in the Havana cigar industry as a fact that importers are required to pay wrapper duty on a large percentage of tobacco imported in mixed bales that should be assessed as filler.

It has been contended with some plausibility and, no doubt, in a manner that has impressed the Senate Finance Committee, that regardless of how the tobacco is classified by the Cuban packers, yet if a leaf of tobacco is susceptible of being used to cover a cigar it is nevertheless a wrapper. The fallacy of this argument, however, is easily demonstrated. The higher rate of duty imposed on wrapper tobacco necessarily is predicated upon the idea that wrapper tobacco has a higher commercial value than filler tobacco, otherwise there would be no justification for imposing the higher duty. The fact that certain leaves of tobacco that are commercially classified as filler are used for wrapping cigars does not alter the character of the merchandise or its commercial value as tobacco. A silk stocking as well as a cotton stocking may be used as a covering for the feet, but the fact that cotton stockings are used to cover the feet does not make them silk stockings, and if there is a difference in commercial value between silk stockings and cotton stockings, that element should be the controlling factor in fixing the tariff on the two classes of merchandise, not the fact that both classes may be used for the same purpose, although one of them is less desirable from the standpoint of comfort and attractiveness, even though both may be equally serviceable. Liver and beefsteak are both articles of food, but the fact that liver may be used as an article of food does not make it beefsteak.

As we have shown in this brief, the firm of Corral, Wodiska y Ca. paid to the United States Government during 1928 revenue to the amount \$489,528.08 on the production of 27,826,284 cigars. Assuming that the production of this factory represented approximately one-sixth of the total production of clear Havana cigars in the United States, which we contend is approximately correct, it is natural to assume that the entire clear Havana industry paid to the Government six times that amount of revenue, of \$2,937,168.48. The principal agitation for the enactment of subparagraph (b) comes from the tobacco growers of north Florida. According to data published in the Commerce Year Book, 1928, volume 1, page 226, the average amount of tobacco produced in Florida per annum during the years 1926 and 1927 was 2,195,000 pounds, the average annual farm value being \$2,880,000. In other words, the gross farm value of Florida tobacco crop annually amounts to less than the aggregate revenue paid by the clear Havana cigar industry to the Government. This is not said with any intent to disparage the importance of the tobacco-growing industry in Florida or with any desire to in any way interfere with or injure the tobacco growers in their aspiration to better their condition, but in justice to the clear Havana cigar industry the relative importance of the two industries to the Government from a revenue-producing standpoint should be pointed out, because we can not believe that Congress will destroy an industry that is yielding to the Government an annual revenue of approximately \$3,000,000 in order to confer a very questionable benefit upon another industry that has an annual gross production of commercial values of less than that amount.

As has been pointed out in this brief, the clear Havana cigar industry in the United States is now subjected to Federal taxation at a higher rate than any other industry operating in the country. These taxes, with other costs of production, have reached the point to which the industry can not stand a further increase. In fact, the manufacturer annually is confronted with the probability of a loss on his operations. Conditions in the industry have been adjusted to meet the provisions of the present tariff. Any change will require a readjustment to meet new production problems, which would be extremely disturbing and burdensome to any industry that is already overburdened with Government regulations and taxation, and would be bound to result in a reduction of revenue produced to the Government instead of an increase.

We therefore contend that subparagraph (b) of section 601 of the amendment proposed by the Senate Finance Committee would be productive of no good results to any department of the tobacco industry, but, on the contrary, would be destructive of the clear Havana cigar industry, and that it should therefore be eliminated from the act and the tariff on mixed bales of tobacco allowed to stand as it is under existing law.

It has been suggested, however, that for administrative purposes the process of examining and appraising and assessing the duty upon mixed bales of tobacco imported into this country would be simplified if a flat rate of duty on bales of that type could be assessed, instead of requiring the examiner to minutely examine the contents of such bales in order to determine as nearly as practicable the exact wrapper content of bales containing more than 5 per cent and not more than 35 per cent of wrapper. We are prepared to admit that a more accurate result, fairer both to the Government and the importer, might be achieved by fixing a flat rate on bales of this kind, provided the rate is fixed at an amount approximately equivalent to the rate of duty that is properly assessable under the present law.

From our knowledge of the average wrapper content of bales of tobacco of this type imported from Cuba at the port of Tampa over a period of years, it is our opinion that a flat rate of not exceeding 40 cents per pound on such bales would yield to the Government approximately the correct amount of revenue it should receive on such bales under the present law. This rate would fairly approximate the wrapper duty that should be assessed on the actual amount of wrapper tobacco customarily contained in these bales.

We would, therefore, suggest that if subparagraph (b) of section 601 of the committee's amendment is to be retained in the act, the figures 87½ cents per pound should be stricken and there should be substituted therefor not exceeding 40 cents per pound.

Respectfully submitted.

CLEAR HAVANA CIGAR MANUFACTURERS OF TAMPA.
By K. I. McKAY, Counsel.

SUPPLEMENTAL BRIEF ON BEHALF OF CLEAR HAVANA CIGAR MANUFACTURERS OF TAMPA, FLA., IN REFERENCE TO PROPOSED DUTY ON MIXED BALES OF TOBACCO IMPORTED FROM CUBA, UNDER PENDING TARIFF LEGISLATION

ADDITIONAL INFORMATION AND SUMMARY IN RE TARIFF ON MIXED BALES OF CUBAN TOBACCO

The following are the salient points in the mixed-bale Havana wrapper matter:

First. Total of 5,035 mixed bales imported through Tampa customhouse, fiscal year ended June 30, 1929, assessed by examiner as containing—

68,716 pounds wrapper, at \$1.68 (net duty)-----	\$115,442.88
399,621 pounds filler, at 28 cents (net duty)-----	111,893.88
Total duty collected-----	227,336.76

Under proposed subparagraph (b) all of this tobacco would have been assessed at 70 cents (net duty) per pound, amounting to \$327,835.90, or an increase of \$100,499.14, or 44 plus per cent.

Second. The records of the Tampa customhouse over a period of five years show the average wrapper content found by the examiner in mixed bales is slightly less than 14 per cent. The rate of 87½ cents per pound provided by subparagraph (b) is based upon the ratio of 30 per cent wrapper and 70 per cent filler; the Tariff Commission expert assuming that importers would repack bales before importation by increasing wrapper content to 30 per cent. This is impracticable for the following reasons:

(a) The tobacco is originally packed by the Cuban packers for the world market, and as only a part of the Cuban crop is imported into the United States the Cuban packers will not change their system of packing to accommodate the United States manufacturers, especially as it is not known which of the bales will be bought by the United States manufacturers until long after they are packed.

(b) The curing and seasoning process of the tobacco (through fermentation) continues while the tobacco is in bales until the bales are opened for use. To open and repack a bale would do more damage to the tobacco than any possible saving in duty could amount to.

(c) Under the tariff act if a bale contains more than 35 per cent wrapper the whole bale is assessable at the wrapper rate of duty. The examiner at the United States port of entry appraises the tobacco and fixes the percentage. No manufacturer could afford to pack so close to the maximum of tolerance as to risk, through difference of opinion with the examiner, having the entire bale assessed as wrapper.

(d) The manufacturers are now paying all they can afford for raw material. In order to increase the wrapper content of the bales by repacking (even if practicable) they would be compelled to buy a large quantity of higher grades of tobacco than they are now using. The cost would be prohibitive. Result: The manufacturers would be penalized by an excessive duty because of market condition not permitting them to use a higher grade of merchandise.

Third. Many small manufacturers import mostly bales containing 9 per cent and less of wrapper. This is true as to at least three-fourths of the Tampa factories, manufacturing over half of the clear Havana cigars made there. To establish a flat rate based on the actual average of 14 per cent wrapper and 86 per cent filler would work a great hardship on these factories, and the only fair flat rate would be one based on the average importations by the smaller factories, or about 9 per cent wrapper and 91 per cent filler. Any other rate would be very unjust to the smaller manufacturer, who, by reason of small volume of business, is compelled to hold down costs of raw material in order to take care of overhead expenses. The reduction in duty paid on mixed bales entered at the port of Tampa under the rate asked by us would be not more than 2 per cent of the total duty paid at the port of Tampa on importations of Cuban tobacco. The clear Havana cigar industry is now paying to the Government in duties and internal revenue more than five times the net profits realized by the manufacturers from their business, the average net profit of the manufacturers being less than 4 per cent on the capital employed. The industry is entitled to this relief.

Fourth. The clear Havana cigar industry competes only with imported Cuban cigars. It is handicapped in this competition by being forced to use much filler tobacco for wrapping cigars, as well as using the lower grades of Cuban tobacco generally on account of high costs of raw material, high duties and internal-revenue tax, and high wages paid workmen in this country. It does not compete with any other branch of the tobacco industry in this country, and the only industry that could be in any way affected by the rate of duty on Havana wrapper tobacco is the clear Havana cigar industry.

Fifth. The clear Havana factories of Tampa are now giving profitable employment to not less than 4,000 workers. Their present margin of profit in their business is so small that any increase in cost of raw material will force them to go out of business or reduce wages.

Sixth. A flat rate of 40 cents per pound on mixed bales would give approximately the rate that would be assessed under existing law on a bale containing 9 per cent wrapper and 91 per cent filler.

Seventh. This rate could be applied only to Cuban tobacco, as mixed bales come only from that source.

Eighth. The total production of clear Havana cigars in this country is not over 150,000,000 per annum, out of a total production of approximately 7,000,000,000 cigars of all classes annually produced in the United States, or approximately 2½ per cent.

Respectfully submitted.

CLEAR HAVANA CIGAR MANUFACTURERS OF TAMPA,
By K. I. McKAY, Counsel.

Mr. GEORGE. Mr. President, I understand that I do not have to do so; but I give notice that when this matter has reached the Senate I shall again argue the matter and ask for a separate vote, because here is a clear issue as to whether we wish to aid the farmers or whether we do not.

The PRESIDENT pro tempore. The Senator from Georgia is correct; he does not have to give notice to that effect. He is fully within his rights in offering the amendment when the bill gets into the Senate. Therefore, the question now is upon agreeing to the Senate committee amendment—that is to say, beginning on line 10 and running through line 25, inclusive.

The amendment was rejected.

The PRESIDENT pro tempore. The clerk will state the next amendment.

Mr. FLETCHER. The question would now be on agreeing to the section as amended.

Mr. SMOOT. That has been agreed to.

The PRESIDENT pro tempore. That was done when the Senate rejected the amendment proposed by the committee.

Mr. FLETCHER. Very well.

Mr. SMOOT. Mr. President, that is the only amendment in the schedule.

The PRESIDENT pro tempore. That is the only amendment in Schedule 6.

Mr. SMOOT. I ask now to turn to page 151, Schedule 9, "Cotton manufactures."

The PRESIDENT pro tempore. The Senator from Utah asks unanimous consent to pass over Schedules 7 and 8 and proceed to the consideration of Schedule 9, on page 151. The Chair understands, however, that Schedules 7 and 8 have already been agreed to. Schedule 9 is the next schedule.

Mr. BROUSSARD. Mr. President, may I inquire of the chairman of the committee what effect that will have on the agreement we have with reference to sugar?

Mr. SMOOT. None whatever.

Mr. BROUSSARD. That means that Schedule 5 is still temporarily laid aside, does it not?

Mr. SMOOT. It is still temporarily laid aside.

Mr. BROUSSARD. And may be called up at any time?

Mr. SMOOT. As I stated this morning.

The PRESIDENT pro tempore. The Chair will state that it will require unanimous consent to agree to what the Senator from Utah asks—

Mr. WHEELER. I object.

The PRESIDENT pro tempore. Let the Chair finish his statement, please—because a portion of the unanimous-consent agreement had upon the request of the Senator from Mississippi [Mr. HARRISON] was that the Senate should proceed with the schedule on sugar. Objection is made, however.

Mr. SMOOT. Mr. President, unanimous consent was granted this morning that the sugar schedule should go over for the present. Therefore, it is not necessary to ask unanimous consent now.

The PRESIDENT pro tempore. The Chair understands that the unanimous-consent agreement was that the sugar schedule should be taken up to-day; that is to say, at the opening of the session this morning. It was temporarily agreed that it should go over pending an arrangement to be entered into among certain Senators whom the Chair need not name.

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Mississippi will state it.

Mr. HARRISON. I think the Chair is in error about its having been done by unanimous consent. A motion to that effect was made.

The PRESIDENT pro tempore. Very well; it was done on a motion. At any rate, it was the action of the Senate.

Mr. HARRISON. It was the action of the Senate by a majority but not by unanimous consent.

The PRESIDENT pro tempore. Very well; it was done on a motion by a majority vote. Therefore the Chair rules that it will require unanimous consent to do what the Senator is now requesting; and the Senator from Montana [Mr. WHEELER] has objected.

Mr. FESS. It could be done by motion, could it not?

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Mississippi will state it.

Mr. HARRISON. The Chair does not hold that it would require unanimous consent to do away with that order; does he? It having been adopted by a majority vote, it can be done away with by a majority vote.

The PRESIDENT pro tempore. No; the Chair holds that in the form in which the Senator from Utah proposed it, it requires unanimous consent. That does not preclude the making of a motion.

Mr. BROUSSARD. Mr. President, may I say to the Chair that since that vote was taken there was a unanimous-consent agreement to take up the schedule dealing with wines on Saturday, after which we were to return to Schedule 5; and that was agreed to unanimously.

Mr. SMOOT. Mr. President, in order to carry out the agreement that was made this morning, I move, then, that the Senate proceed to the consideration of Schedule 9, the cotton schedule, beginning on page 151.

The PRESIDENT pro tempore. The Senator from Utah moves that the Senate proceed to the consideration of Schedule 9, beginning on page 151. The question is on agreeing to the motion of the Senator from Utah.

The motion was agreed to.

The PRESIDENT pro tempore. The clerk will state the first amendment in Schedule 9.

The first amendment was, under the heading "Schedule 9. Cotton manufactures," on page 151, line 20, before the words "ad valorem," to strike out "25 per cent" and insert "30 per cent," so as to read:

PAR. 902. Cotton sewing thread, 30 per cent ad valorem.

The amendment was agreed to.

The next amendment was, on page 151, line 22, before the words "ad valorem," to strike out "25 per cent" and insert "35 per cent," so as to read:

Crochet, embroidery, darning, and knitting cottons, put up for handwork, in lengths not exceeding 840 yards, 35 per cent ad valorem.

Mr. GEORGE. Mr. President, this amendment in section 902 relates entirely to thread.

The present rate on cotton sewing thread is one-half of 1 cent per hundred yards. The House amended that by changing the rate to 25 per cent ad valorem. The Senate Finance Committee proposes to increase the rate over the rate fixed in the House bill to 30 per cent ad valorem on cotton sewing thread and from 25 to 35 per cent ad valorem on knitting cotton put up for handwork, in lengths not exceeding 840 yards.

Mr. President, I do not think this increase in the rate is justified.

Mr. WALSH of Montana. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Montana?

Mr. GEORGE. I do.

Mr. WALSH of Montana. Does the Senator address himself to both the amendments in paragraph 902?

Mr. GEORGE. Both the amendments.

The PRESIDENT pro tempore. The first amendment has already been agreed to.

Mr. GEORGE. I did not understand that the first amendment was agreed to.

The PRESIDENT pro tempore. It has been.

Mr. WALSH of Montana. That is as I understood it. Perhaps the Senator intended to move to reconsider.

Mr. GEORGE. Yes; I ask that the vote be reconsidered.

The PRESIDENT pro tempore. The Senator from Georgia asks unanimous consent that the vote by which the amendment on page 151, lines 19 and 20, was agreed to may be reconsidered. Is there objection? The Chair hears none; and the vote is reconsidered. The question is on agreeing to the amendment.

Mr. GEORGE. Mr. President, I do not think these increases ought to be made without some showing. I want to say that if there is any industry in the South that can receive the slightest benefit from the tariff, it is the industry we are now considering. I therefore am not speaking as a partisan for my section. I would not give more than a dime for all of the rates that can be given any southern industry in this bill, except in textiles and one or two other industrial lines.

There is in Georgia a very large plant of the American Thread Co., producers of cotton sewing thread. Cotton threads are produced in other southern mills. I therefore beg the Senate to indulge the belief that if I were moved or actuated by any selfish impulse, I would be glad to have any rate that might be of benefit to my State.

Not a solitary agricultural rate thus far voted can have any more than a very remote effect upon the producers in Georgia and in the Southeast, with the exception of the rates given the fruit and vegetable producers in Florida.

The Finance Committee has evidenced a disposition to reduce every rate upon Southern products where those rates could have been of any material benefit to the producers.

When it comes to agriculture, we, in practically all of the Southeast, are producers of staple products, and the tariff is wholly ineffective upon those staple products. Indeed, there is hardly anybody so visionary as to imagine that the duties upon staple agricultural products can be of any benefit to the producers of the Southeast.

We have some minerals and some clays protected by present law, and we have had to make a hard fight to retain existing duties, not to obtain increases, but to retain existing duties. In no instance were we able to retain an existing duty upon a material production of the South without very great effort.

There is not in the agricultural schedule anything worth while to the farmers of my State, of South Carolina, even of North Carolina, of Alabama, and of other Southeastern States, with the possible exception of Florida.

If I were to view this matter from the viewpoint of State interest, therefore, I would vote for the increases upon cotton sewing thread and handwork thread. But I must call the Senate's attention to facts which I think are pertinent, since the committee has not done more than propose the amendment.

Mr. President, taking up the first amendment under the act of 1922, cotton sewing thread was dutiable at one-half of 1 cent per hundred yards. The House, as I have already stated, fixed the duty at 25 per cent ad valorem. The Senate committee recommends a 30 per cent ad valorem in the amendment upon which we are now called to vote.

Referring to the next item in the same paragraph, cotton handwork thread is dutiable under the act of 1922 at one-half of 1 cent per hundred yards, the same as cotton sewing thread. The House fixed a duty of 25 per cent ad valorem. The Senate committee has proposed an increase of 10 per cent over the House rate; that is to say, to 35 per cent ad valorem.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. WALSH of Massachusetts. Referring to the amendment now pending, namely, the first clause in paragraph 902, am I correctly informed that the equivalent ad valorem rate, based upon the imports of 1928 of cotton sewing thread, were as follows: Under the present law, 21.98 per cent; under the provisions of the House bill, 25 per cent; and under the Senate committee amendment, 30 per cent? Therefore, on cotton sewing thread the Senate committee amendment seeks to fix a rate which is an equivalent ad valorem increase over the present law of about 8.2 per cent. Am I correct?

Mr. GEORGE. I think the Senator's figures are correct.

Mr. WALSH of Massachusetts. May I ask the Senator if it is not a fact, with regard to this same commodity, that the Tariff Commission Information Summary gives the value of the total production in 1925 of \$59,000,000, and imports of only \$461,000? I inquire further of the Senator, in view of these facts, how can such an increase as that proposed in this amendment be justified?

Mr. GEORGE. Mr. President, I will say to the Senator that I do not see how it can be justified, and for that reason I felt impelled to resist it, although I frankly said to the Senate that substantially this is the greatest benefit that could come to my State from the entire tariff bill.

I ask that the Senate, without further argument, disagree to this amendment.

Mr. WALSH of Massachusetts. Mr. President, even if we disagree to the Senate committee amendment, I understand we will then have incorporated the House provision, which gives an increase of about 4 per cent in the protective duty over the present law.

Mr. GEORGE. Yes. I do not ask to go back to existing law, but I do think that the House rate should be accepted, and I think that the increase given by the House is adequate and is all that can be justified by the facts. Let me say this before the vote is taken, that a comparison of the domestic production and the imports and exports is contained in this short table which I hold in my hand, and to which I will refer.

The domestic production in 1927 of cotton sewing thread was \$46,409,250. The imports for 1928 amounted to \$124,651, or 0.27 of 1 per cent. The exports for 1928 amounted to \$1,023,236. The total domestic consumption was \$45,510,665. So our exports greatly exceeded our imports. The imports amounted to only 0.27 of 1 per cent. The increase given in the House bill seems to me to be ample to take care of any threatened increased competition to which this industry can be subjected.

Mr. WALSH of Massachusetts. Mr. President, I want to confirm the statement made by the Senator from Georgia, and to reiterate that I understand that the imports are much less than

1 per cent of the total production, and that the exports are actually eight times the imports.

Mr. HARRISON. Mr. President, may I ask the Senator whether it is not true that there are three very large concerns which control and dominate the market in sewing thread?

Mr. GEORGE. I think that is true. I think there are three concerns, and I think that the tax returns of those three concerns will show their businesses to be immensely profitable.

I ask for a vote, and ask that the Senate disagree to the amendment now pending.

Mr. WHEELER. Mr. President, while we are on the cotton schedule I think it would be well for the Members of the Senate to bear in mind that at the present time in many of the cotton mills of this country a great many men and women are on strike because of the fact that they are not getting a living wage, and that notwithstanding the fact that we already have in this schedule some tariffs higher than any that have been placed upon other products manufactured in the United States.

I want to call attention to a few facts which were brought out during the preliminary investigation by the Committee on Manufactures. Mr. Stewart, the United States Commissioner of Labor Statistics, speaking before the Labor College of Philadelphia, April 27, 1929, said:

Since 1920, however, the wages have been going steadily down. They were 26 per cent less in Massachusetts than they were in 1920; they were 32 per cent less in Georgia, 41 per cent less in South Carolina, and 36 per cent less in North Carolina.

Between 1913 and 1920 the hours of labor decreased in every State, decreasing as much in Alabama as they did in Massachusetts—11 per cent. But from 1920 to 1928 full-time hours of labor per week have increased in all States except Alabama, where there was a decrease, and in Massachusetts, where there was no change. The greatest increase was in New Hampshire, where it amounted to 12 per cent.

The preliminary hearings held by the committee show that for women workers Alabama has no limit on the hours of labor, North Carolina and Georgia have the 60-hour week, Tennessee the 57-hour week, and South Carolina the 55-hour week. In all the leading Southern States in cotton manufacturing women are allowed to work all night—in some cases 11 hours, and in some cases 12 hours. Georgia, for example, permits women to work a 12-hour night 5 nights a week. Most Northern States have the 48 and 54 hour week and prohibit night work for women.

All the cotton-manufacturing States have prohibited the labor of children under 14, but several States permit very long hours for children from 14 to 16. In Georgia children of 14 work 60 hours a week, which means an 11-hour day for five days and a 5-hour day on Saturday. North Carolina, which now employs more cotton-mill workers than any other State in the Union, permits children 14 years of age and over to work 11 hours a day and 60 hours a week if they have completed the fourth grade in school—and, of course, any normal child can complete the fourth grade in school by the age of 14. South Carolina has the 10-hour day and the 55-hour week for 14-year-old children, while Alabama has limited the work of such children to 48 hours a week.

Mr. President, it seems to me that it is nothing short of scandalous for the Senate of the United States to increase the tariff on cotton textiles when these conditions exist as they do to-day in the factories. During the early part of this session of the Congress we attempted to get a resolution passed to investigate conditions in the southern textile mills, where they have been so much distressed and disturbed. One of the reasons why we wanted to get it passed was because of the fact that we desired to ascertain whether or not these people were being paid a reasonable wage, whether or not the men who employ them and who were receiving the benefits of the tariff were able to pay them a living wage. That investigation has been blocked in the Senate from time to time.

Now, in the face of conditions which exist in these mills throughout the country the Finance Committee come before the Senate and go before the country again asking for an increase in the tariff, and they ask it on the theory, if you please, that they want to do something for the interests of labor. They ask it, Mr. President, in view of the fact that ever since 1922, when the Fordney-McCumber bill was passed, wages have decreased, hours of labor have increased, and the employees are turning out per unit sometimes as high as five or six or seven times as much as they turned out prior to the passage of that tariff.

Candidly, under the circumstances that have been stated here, it seems to me that they are not only not entitled to any increase, but they should be actually decreased in the tariff rates for the benefit of the consuming public of the United States, particularly when the tariff, as it has been shown by statistics of the Department of Commerce and Department of Labor, has not added one cent for the benefit of labor, but, on the contrary, their wages have been decreased, their hours of labor lengthened, and they have been compelled to do many

times as much work as they did before the passage of the Fordney-McCumber Tariff Act.

Mr. SMITH. Mr. President, several years ago, I believe during the discussion of the tariff act of 1922, this same question was before the Senate. I would like to call the attention of the Senate to the fact that we are exporting to-day the cotton out of which foreign countries have got to manufacture the goods that come in competition with the American goods. In other words, they must buy in America the raw material, pay whatever expenses are incident to the transportation of it across the continent, or to the ports, then the marine insurance and freight, stevedoring, unloading, damage on the other side, and then convert it into the finished product and ship it back to the United States and they are still able to undersell the American producer. It would seem that under a rightly adjusted economic system the freight and the expense incident to carrying the cotton from the field of production to the European place of manufacture would be enough protection.

I have never been able to understand how the European manufacturers, especially in the United Kingdom, could buy our cotton, ship it abroad, manufacture it, reship it to the United States, and undersell the American producer. I do not think that the so-called depression in the cotton-goods market comes from a lack of protection. Some other cause must be stated. I have a shrewd suspicion that the price of the finished material has gotten beyond the power of the ordinary consumer to purchase in sufficient volume to create the proper market. When one considers the cost of the ordinary cotton fabric to-day as compared with its cost in 1913 and 1914, I think we begin to understand what are the causes that have led perhaps to a diminution in the consumption of cotton goods and the substitution of other fabrics. One pays enough to-day for a manufactured article of common use, the ordinary cotton shirt, to have purchased a silk shirt in 1913 and 1914. We can get a silk substitute, or one that is called practically as good, for about the same price that we would then have had to pay for what is called the broad-cloth cotton shirt.

The Senator from Georgia [Mr. GEORGE] called attention to the fact that cotton is perhaps the only article the South could benefit from by virtue of a tariff. I can not see where the cotton mills of the South could benefit except to be justified by an act of Congress in still increasing the price. They could do that without any act on the part of Congress in the form of a tariff law. I think there is such an understanding amongst the manufacturers of the country that there shall be a fixed price.

I think upon investigation one would find that all of the staple manufactures, not only in cotton but in other textiles, are universal in price. Just where the competition comes in I have not been able to ascertain. It will be found that any standard article has a standard fixed price. I think the Textile Institute in the few years of its life has brought about at least a general understanding amongst the manufacturers of the United States, both eastern and southern.

Protected as they are, advantageously situated as they are, I do not see why, even with everything else being equal, they would not have the advantage of any European competitor. In conjunction with that, I do not think anyone will gainsay the fact that America has the most improved machinery of any nation on earth for the conversion of the raw material. I had occasion a few years ago to discuss this question with a great English manufacturer. To my surprise he said, "We have not installed the modern labor-saving devices, the modern inventions for the manufacture of cotton textiles." He gave as his paramount reason that the English cotton-mill worker was paid by the piece and whenever a machine was installed which increased the output of the individual the individual demanded increased pay by the piece, and therefore there was no economy in the installation of the labor-saving devices because though they reduced the human labor necessary to produce a given amount of textiles product it cost them as much because the operator demanded the increased price per piece or the increased wage incident to the number of pieces that he was enabled to put out through the use of a machine.

Mr. President, I took occasion here on the 1st day of November to call attention to the fact that we are supplanting human labor by machinery. Of course, I went somewhat into detail. I have found that my correspondents all over the country have insisted that I go still further into the question as to what share the consuming public has in labor-saving devices. The Senator from Montana [Mr. WHEELER] indicated a moment ago and indicated rightly that the labor-saving devices are increasing the capacity of the individual to manufacture an increased quantity, and yet according to his statement wages have been decreased. Are we going to stand here and in every item in the bill insist upon an increased protection which everyone

knows is for the purpose of increasing the price, while the genius of mankind has increased the output per man until to-day unemployment is growing by leaps and bounds as a direct result of the substitution of a machine for a number of human beings?

Have the public no equity in the discoveries of genius? Have the public no right to demand, as they uphold the laws of the country, as they work to support the geniuses who discover these methods of increasing and cheapening production, that the products shall come no cheaper to them? I dare say that the mill workers of my State and the mill workers in the States where these factors are employed would be less restless if the products of their hands plus the machine were cheapened to where the wage which they now receive would purchase more than it does purchase.

But here we are increasing the tariff, raising the price artificially by Federal legislation, and at the same time by the genius of mankind we are cheapening the process and both positively and negatively pouring into the pockets of those who own the process cumulative and accelerated profits. It goes without saying that no man in his senses is going to introduce a labor-saving device if that labor-saving device does not cheapen the process of manufacture, and there is not a Member of this body who dares to say that within the last 20 years the improved machinery in textile production has not increased the capacity of the individual 100 per cent, and yet the prices of textiles have soared and wages have not increased.

The Senator from North Carolina [Mr. SIMMONS] represents in part a State that, in conjunction with my State, has a greater production of cotton textiles than all the remainder of the country put together, and the cheapening process of manufacture is still going on by leaps and bounds. It is like going into a world of magic to go into a modern cotton-manufacturing plant. One finds there a minimum of employees and a maximum of production. I shall not take time this afternoon to go into details, but I will state here and now that the cotton manufacturers, with their improved machinery and the location of the cotton field at the mill door, stand without fear of competition from the world.

Instead of imposing this increased duty we certainly ought to have some regard for the millions of Americans who are dependent upon cotton as the material for their clothing. Fifteen years ago the best cotton shirt that could be produced was manufactured and ready for human use at a price of 75 cents to a dollar, but to-day the price is from \$2.50 to \$5, according to quality, and that, too, in face of a decline in the price of the raw material, a decline in the wage of those who are employed in the manufacture of cotton and the installation of improved machinery.

Have the public no right to demand some recognition of this body? Are they in no sense ever to be the beneficiaries of our patent laws which protect the patentee for 17 years, and if he devises a basic improvement of his patent during that time protect him for another 17 years? Here we are attempting still further to increase the burden of the consumers. Why the necessity for increased duties to enable manufacturers to increase their prices? As I previously stated, it is in their hands to increase their prices at their will. Why should we, by a Federal enactment, give them a justification for doing so?

I would not say one word against the manufacturers of cotton textiles; but I think the natural logic of events has already begun to manifest itself. The South, with its water power rapidly being developed, and with its abundance of raw material at the mill door, must inevitably soon be the home of all the cotton-textile production in our country.

New England started the cotton-manufacturing industry; she was advantageously located, with the exception of not being near the source of production of the raw material; but in view of the fact that freight rates, both on the finished article and on the raw material, offer us of the South a protection against the competition of New England mills or of mills in any other far remote section, we are led to the inevitable conclusion that sooner or later all such mills will be located in the South. There is no reason on earth why all the cotton manufactured out of American cotton should not be manufactured in America. We do not require a high protective tariff to bring that about. We have no competitor in the production of spinable cotton. We also have a protection by virtue of freight rates and the distance from the raw material of those who can manufacture and compete against us. So I say that the consuming public is entitled to a share in the splendid possibilities of furnishing this material in its manufactured shape to the masses of the earth, without the imposition of this extraordinary burden upon them.

COTTONSEED PRICES

Mr. HEFLIN. Mr. President, several days ago the Senate adopted a resolution introduced by me calling upon the Federal Trade Commission to investigate the Cottonseed Trust. The commission has done some work along that line, and I want to call the attention of the Senate to the fact that since the investigation began cottonseed has advanced in price in the State of Texas to \$43 a ton. It is selling in my State for from \$29 to \$30 a ton, and the Senator from South Carolina [Mr. SMITH] informs me that it is selling for \$27 a ton in South Carolina.

Mr. President, that shows just what sort of a combination is now operating and how the producers are suffering. I hope the Federal Trade Commission will take note of what I am saying here to-day. This investigation must be pushed and rapidly pushed in every State where this combination exists. The commission certainly has agents enough to put into the various States throughout the Cotton Belt, and the Senate wants them to do that. We must not wait on one or two agents to make this investigation in all the cotton-growing States, but it must be made at once. If it shall take more agents than they have, and the commission needs any more money, Congress will supply both. Surely we ought not to sit here idle, and the Government ought not to be inactive when the farmers are being forced to sell their cottonseed every day at the low and unprofitable prices that now obtain.

I have heretofore brought to the attention of the Senate the fact that up to this year, I believe, many ginners who had a large amount of space would tell the farmers, "Bring your cotton to our gin; we will gin it for you and you can leave the seed and sell them when you get ready." Now, many ginners have gone into a combination—and I understand the mill-men induced them to go into it—not to store cottonseed for the farmer any more. What is the effect of that? The farmer brings his cotton to the gin; the cotton is soon ginned; and he wants to leave his seed there until the price is a profitable one; but the ginner tells him that he can not store his seed, and so he is compelled to sell it. He goes into the market, as every other farmer is doing, and is forced to put his seed upon the market regardless of whether the price is good or bad. That is another practice of the combination that is working great hurt and injury to the cotton producers of the United States.

Mr. President, I bring this matter to the attention of the Senate to-day—and I hope the press will make note of it and give it to the country—in order to make it known that we are going to break up this trust, even if it becomes necessary to put in the penitentiary some of the men who are carrying it on. I am in favor of prosecuting them and putting them in the penitentiary, if that course is necessary, in order to put an end to this method of robbing the farmer.

Think of the combination being broken in Texas and the price advancing to \$43 a ton, while the same product is selling for \$27 a ton in South Carolina and for \$29 a ton in my State. No doubt a similar situation exists in other States. If it requires prosecution by the Department of Justice to put an end to that condition, then let the Department of Justice get busy. Surely the Government is not going to be an agent standing on the side looking on at the activities of these robber bands as they go about in certain States compelling the farmer to put his produce on the market, buying it up at prices below the cost of production, and then holding it until the price goes high so that they may get the benefit of a profit which is denied the farmer. The farmer is the loser. He goes back to his farm empty handed; he has not made a dime out of his year's work. Mr. President, no wonder he is blue and despondent, and is a very unhappy man. The Government owes it at least to the producer to see to it that he has a fair deal. That is all he asks; that there be taken off his back these parasites; that this band of wolves that lie in wait to catch him in the market place and strip him of his substance be driven from his trail. It has got to stop.

Legitimate business ought to be carried on. If everything else stops, if action in this matter involves the destruction of gambling in fictitious values, let the ax fall, and the sooner the better. Legitimate business ought to be supported and sustained; legitimate business ought not to be made to suffer while questionable institutions are on the rampage dealing in watered stock and in fictitious values.

Mr. President, if this business is not cleaned up in the cotton States in the very next few days, I shall ask that a resolution be adopted instructing the Attorney General to prosecute in specific cases, and I will furnish him the names.

Mr. WALSH of Massachusetts. Mr. President, I desire very briefly to discuss the amendment pending before the Senate and to make some brief observations of a general character relating to the cotton-textile schedule.

The cotton-textile business has been passing through a long period of depression. It is depressed at the present time and there is extensive unemployment in the industry. A study of the financial returns of the manufacturers of cotton textiles will clearly demonstrate that the industry in general has ceased to be profitable—of course, there are exceptions in certain branches of the industry.

Mr. President, there are a good many causes for this condition. I want to suggest to my fellow Senators that we try to keep in mind to what extent the want of sufficiently high protective duties is a factor in this depressed condition and to what extent can increased protective duties help to remedy it. I think if we do that we will find that the occasion for a general and extensive increase in the protective tariff duties upon the product covered by the cotton schedule is limited to special cases where the increase in imports has reduced employment by displacing domestic products. I purpose to limit urging increased duties to these cases. One of the causes—and I refer to and am keeping in mind the protective-tariff question involved here, because some of the causes of the depression are far removed from any tariff question—one of the causes, and a very substantial cause, is the change in dress styles and the displacement of petticoats and underwear. The shortening of the skirt and the total abandonment of cotton stockings of the women has been a very serious factor. The substitution of silk and rayon for cotton has been another contributing factor. Senators will be interested to know that the extent to which change of style has been a factor in injuring our textile business is world-wide.

It exists in England and in France, and the Senator from Utah, if he has not heard this, will be very much interested to know that I am reliably informed that it was upon the solicitation of the officials of the French Government that the fashion makers of Paris have recently changed the models of women's wearing apparel, and have urged successfully, in order to resuscitate the cotton-cloth and the silk-cloth and the woolen-cloth industry in France, that provision be made to have garments so shaped and lengthened as to include more cloth.

Mr. SMOOT. Four inches longer skirts.

Mr. WALSH of Massachusetts. The Senator suggests that the program is to have 4 inches longer skirts. I think it is more than that. I think it is rather impressive to know that it is possible for a government like the French Government to extend its influence to such an extent as to revolutionize style; and that is just what they are doing. It is very creditable to the French Government that, seeing its depressed industries and unemployment, it says, "One of the ways to solve the problem is to change the existing dress styles radically," and it proceeds to bring its influence to bear upon that; and if our cotton-textile and woolen-textile industries are to be resuscitated and improved by these style changes we shall have to thank, I believe, the French Government and the French fashion makers.

Mr. President, I make this preliminary statement in order to let it be understood that, though I come from a textile State, and naturally keenly interested in the prosperity of the textile industry, I am, I hope, capable of eliminating the many factors in the present situation that can not be remedied by tariff duties and are not in any way related to the tariff question.

I shall not take the time either to discuss at this stage—perhaps I shall later, or I may ask the Senator from Utah to later give us some figures as to wages and difference in employment hours that he has in his possession—the handicap the industry of New England has in comparison with the cotton-textile industry in the South because of hours of labor and because of difference in wages. That is immaterial to the issue that we have here.

Mr. President, I suggest that in the discussion of this subject we ask ourselves two questions as we come to these textile industries, and consider their products, and consider whether or not a tariff-protection question is involved:

First. Are the industries manufacturing a particular commodity of a textile character actually financially depressed?

Second. Is that depression in part due to competition from imports; and can an increased protective duty remedy the situation without adding materially to the burdens of the consumer? In other words, can we help the industry by increasing duties and thereby shut out imports? In some instances there is depression where there are no imports. Therefore there is no tariff question involved. In other instances a slight increase in the duty will be helpful.

When I put to myself these tests in determining what action to take upon this very paragraph, sewing thread, I find that it is an important industry in my State; that it has a large number of mills in New England. Naturally, therefore, I would inquire most carefully if there was a case here for relief through increased protection. In view of the general acceptance of the

protective theory, where needed, I should be glad to give this industry increased protection if justified; but I must frankly say upon the facts, upon the record submitted before the committee and by the Government experts, that in my judgment it has not presented a case for the increased tariff duties such as is proposed in the Senate committee amendment.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER (Mr. JONES in the chair). Does the Senator from Massachusetts yield to the Senator from New Jersey?

Mr. WALSH of Massachusetts. I do.

Mr. EDGE. The Senator is now discussing paragraph 902?

Mr. WALSH of Massachusetts. I am now discussing paragraph 902, cotton sewing thread.

Mr. EDGE. The Senator is much more familiar with this subject than I am. In looking over some correspondence on the subject of paragraph 902, I find that my correspondent—the Clark Thread Co.—raises this point:

I am inclosing two copies of the brief submitted by Mr. Robert C. Kerr, representing the Clark Thread Co. and other thread manufacturers, before the subcommittee of the Committee on Finance, Schedule 9, on June 14. In this brief it was pointed out—

I have the brief attached—

that the bill as passed by the House with a flat duty of 25 per cent ad valorem actually reduces the tariff in a great many cases. The rate, under the present bill, is a minimum of 20 per cent with a maximum of 35 per cent and a specific rate of one-half cent per 100 yards, so it can be seen that the proposed flat duty of 25 per cent on all cotton threads, crochets, etc., imported would be a very much lower rate of protection than the present law provides.

Will the Senator comment on that statement?

Mr. GEORGE. Mr. President, will the Senator from Massachusetts yield?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Georgia?

Mr. WALSH of Massachusetts. I do.

Mr. GEORGE. The same facts to which the Senator from New Jersey has adverted were called to my attention. Let me say to the Senator that this is the information I have obtained from the experts of the Tariff Commission in direct response to this particular suggestion.

I am advised that under the act of 1922 the minimum and maximum ad valorem rates and the specific rate are effective on the following values:

The minimum, 20 per cent, on values over 2½ cents per 100 yards.

The specific, one-half cent per 100 yards, on values from 1½ cents to 2½ cents per 100 yards.

The maximum, 35 per cent, on values less than 1½ cents per 100 yards.

The maximum rate applied to very few imports in 1928; the minimum and specific rates applied about equally to imports of sewing thread; and the minimum applied to practically all the imports of cotton for handwork.

This is what I ask the Senator to consider:

Imports for consumption of cotton sewing thread and cotton for handwork in 1928.

Sewing thread first.

The minimum rate applied on \$62,903 and produced a duty of \$12,580. That was equivalent to an ad valorem duty of 20 per cent flat.

The specific rate applied on \$60,869 of imports, producing a duty of \$14,509. That was equivalent to an ad valorem of 23.84 per cent.

The maximum rate of 35 per cent applied only on \$879 of imports.

Mr. EDGE. In other words, then, even though in appearance the rates provided in existing law would seem to be greater, in actual application they were not?

Mr. GEORGE. They were not. In other words, taking the whole and averaging it, the average ad valorem rate under the present law is 21.98 per cent on sewing thread; and on knitting thread—that is, cotton for handwork—the average ad valorem rate is only 20.3 per cent. So that we actually have a combined increase in the House bill of 3.79 per cent over existing rates.

Mr. EDGE. In other words, the 25 per cent, as the Senator has computed it with the Tariff Commission, based on a study of the classifications heretofore existing would actually give the manufacturer of that type of thread something less than 4 per cent additional ad valorem duty. Is that correct?

Mr. GEORGE. Yes; nearly 4 per cent.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from South Carolina?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. SMITH. May I call the Senator's attention to the fact that this lower rate of duty almost acted as an embargo, according to those figures, because there has been very little importation of that character of goods under the existing duty.

Mr. GEORGE. The importations were considerably less than 1 per cent of the domestic consumption, I should say, and were only about one-eighth, or as it is otherwise figured, based upon a certain other state of facts, only about one-twelfth of our exports.

Mr. SMITH. Exactly. We are exporting twelve times as much of the same thing as we are importing, and only importing a mere handful—in fact, not a handful, just a negligible fraction—as compared with the domestic consumption of the domestic production. I can not see wherein we need any further protection.

Mr. WALSH of Massachusetts. Mr. President, I thank the Senators for their contribution to the discussion.

I am trying to emphasize that the facts in this case do not warrant the increased protection that is proposed. There are instances, however, in this schedule where increased protection will be of benefit to some branches of the textile industry. I think the Senator from Georgia and I are in accord; and by opposing increased rates in industries in my own State where the facts do not warrant it, I hope to be able to convince some of my colleagues of the meritorious claim that I shall try to make later in a few instances in this schedule where an increase of duty will be of positive benefit to certain depressed branches of the cotton-cloth industry.

Now, what are the facts? They have been stated again and again by the Senator from Georgia, and just now by the Senator from South Carolina. There are practically no imports—\$100,000, or, to be accurate, \$124,000—and the imports are of a thread that has a world-wide reputation, a special kind that in all probability will come into the country no matter how much protective duty is levied. An increased duty here will only serve to add to the cost of thread to such consumers even if there is no increase in the price of the domestic thread.

The domestic production in 1925, the last year of which we have a record, was nearly \$60,000,000 worth; there is a growing, increased domestic production; there was an actual decrease, the tariff expert informs me, in imports; and there were exports, as has been said by both the Senators who have just addressed the Chair, or at least eight times the imports.

If this industry is not actually prosperous, and if there is some unemployment, it is due to some other cause than imports; and even if \$124,000 worth of imports were shut out, the advantage to the industry as a whole would be negligible. The industry ought to be satisfied, it seems to me, if it can get the increase the House gave, without the increase proposed in the Senate committee amendment.

Under the bill as it passed the House it will get protection of 25 per cent, and under the Senate committee amendment the protection would be 30 per cent, all these ad valorem rates being based on the imports of 1928. Where is a case made out for an increase of over 8 per cent ad valorem? It can not be justified. Therefore, I hope the Senate committee amendment will be rejected, and the House rate remain; that will give the industry an increase of 4 per cent.

Mr. SMITH. Mr. President, may I ask the Senator from Georgia, as well as the Senator from Massachusetts, who I presume are on the Finance Committee and have made the investigation, whether it is or is not a fact that the manufacturers of cotton sewing thread have a monopoly of the world production. Are there not two or three concerns which operate both abroad and at home, which own the process by which it is made?

Mr. GEORGE. Mr. President, I think that there are some three big producers, and there is connection between the producers in this country and in England.

Mr. SMITH. I ask that question because I made an investigation when the last tariff bill was under discussion, and I think it was pretty generally understood that there was a monopoly of this business by a concern or by a combination of concerns, and that would bring about rather an anomalous condition here that we were trying to protect in the United States the manufacturer of thread against himself in a foreign country, when he had a monopoly of it, and was enabled to fix his price. I think the old company of J. & P. Coats and the Willimantic people—I do not know under just what name they operate now—have the process pretty well in hand, and are operating both abroad and at home. If we grant this protection, it will be tantamount to granting them the American market at an arbitrary price, or an indorsement of a higher price, when they could very easily dictate the price regardless of whether there was any protection here or in any other country.

Mr. WHEELER. Mr. President, along the lines on which the Senator from South Carolina was speaking a moment ago, I want to call attention to what has taken place in some of these factories since 1922, as to textiles generally, in reference to the increase in the amount of work that has been required of the workers.

The weavers of South Carolina were stretched from 24 to 48 looms; that is, instead of working 24 looms, as they did prior to 1922, they were required to look after 48 looms, thereby doing away with the number of men who would look after those 24 looms. Then they were required to stretch again from 48 looms to 96 looms, so that one crew of men were doing the amount of work that the four groups of men had formerly done.

What has taken place in South Carolina in that regard has taken place in most of the other textile mills throughout the South. If one goes to Europe, as the Senator says, and goes through the mills over there, he will find that, as a matter of fact, we are producing per unit per man a hundred times more than they are producing in the mills in Great Britain, and in the mills in Germany, in some instances. Yet here is a case where they claim they are giving a tariff to the manufacturer in the interest of the laboring people of this country, when, as a matter of fact, all they are protecting is the machine, and the manufacturer who owns the machine. The people who are having to pay for it are the great consuming masses of this country.

The suggestion has been made upon the floor of the Senate that the reason for this depression is to a large extent the fact that women are wearing shorter skirts and less clothes. There may be some truth in that, but that has very little to do with it. The truth about the matter is that one of the things that has caused the depression in this industry, as an investigation, in my judgment, will disclose, is, first, the overcapitalization of the industry. You can take the story of the Manville Co. and the Jencks Co., and if you will follow the history of those two companies and their capitalization, and the pumping of water into the stock of those companies, and take practically the rest of the textile companies of this country, you will find that when they started out with a small capital, they made money, but gradually they have increased their capital stock by pouring water into it, with the result that they have wanted to earn dividends upon a huge amount of watered stock that has been carried into their capital.

Another of the causes for the depression in the textile industry has been the method of selling. That is one of the principal reasons why many of the factories are not making money.

Mr. Stewart, of the Department of Commerce, in a speech in Philadelphia, said on April 27 of this year:

Another situation in the textile industry which simply dazes intelligent men is the method of selling. It has been dragged down through the generations, in fact was imported with the industry by the colonies, and that is the agent or commission system. Goods are manufactured and turned over to a commission man for sale and he gets a commission on that sale whether he sells it at a price below cost of production or not.

I have been told of a manufacturing plant in New England which, as a matter of fact, is running practically every day eight hours a day, and sometimes more, and has been employing a large number of men, but has paid no dividends to the stockholders for many years. As a matter of fact, the people who are making money out of that plant are not the stockholders, but the commission men and the agents who are selling their goods. I quote further from Mr. Stewart:

Very few manufacturers know what their cost of production is, and the commission man does not care. He gets his money from the sale. In other words, his object is sales, not profits to the manufacturer; and when he sells below the cost of manufacture, of course, the difference between the cost of manufacture and the price secured flows from the capital invested in the factory into the pockets of the commission man. Thus we find scores of mills throughout the South, and probably just as true in the North, owned by the commission men. They place their orders for certain products. The mill produces these products at a cost absolutely unknown to the manufacturer and they are turned over to the commission man, who sells them at a price which is not particularly important to him, since all he is working for is his commission—and some more of the capital of the plant passes into his bank account.

Price changes since 1920 have been absolutely regardless of changes in cost of production. Cotton yarn, carded 40/1s. in 1920 sold for \$1.371 per pound. In 1928 it sold for \$0.499. Print cloths, 38½ inches, 64 by 60 per yard, sold in 1920 for \$0.181 and in 1928 for \$0.077. Percal, 38½ inches, 64 by 60, gray, per yard, sold in 1920 for \$0.198 and in 1928 for \$0.136. Drillings, brown, 29 inches, per yard, sold in 1920 for \$0.291 and in 1928 for \$0.126. Sheetings, brown, 4/4, per yard, sold in 1920 for \$0.218 and in 1928 for \$0.122. Muslin, bleached, 4/4, per yard, sold for \$0.344 in 1920 and \$0.166 in 1928. Sheetings, bleached, 10/4,

sold for \$0.726 per yard in 1920 and \$0.410 in 1923. Ticking, 32 inches, sold for \$0.836 per yard in 1920 and \$0.233 in 1923.

Mr. Stewart points out that those things sold regardless of the cost of production, and that there was no reason for the goods selling for those prices.

The Senator from Alabama has pointed out that the cotton manufacturers have constantly kept the price of cotton down on the one hand and have refused to pay the laboring man a decent living wage on the other hand. Yet, notwithstanding that fact, they are coming to the Congress and asking the Congress of the United States to give them a higher tariff upon cotton textiles.

Mr. President, I did not know that this particular schedule was coming up this afternoon, but I want to say that before this bill finally passes the Senate, I expect and propose to offer amendments calling for decreases in some of the 1922 rates, and shall undertake to show to the Senate that, instead of giving increases in these tariff rates, we should make decreases, for the benefit of the consuming public of this country.

I want to see some Republican stand up on the other side of this Chamber who is espousing this particular bill in the interest of labor, and point out, if he can, just what benefit labor has received from the tariff on textiles since 1922. I want to have him point out, if he will, where any person in the United States, whether it is consumer, producer of cotton, or laboring man, has received one single solitary dollar of benefit out of any tariff that was given in the 1922 act to the cotton manufacturers of this country.

I submit that the stockholders of the companies concerned have not received anything. I submit that the consuming public has received no benefit whatever, and I submit that there is not a Republican Senator, there is not a Senator on the other side of the aisle, who will stand in his place and point out where labor has received a 5-cent piece of increase in wages. On the contrary, the wages have been decreased, as I pointed out a moment ago, according to the figures of the Department of Commerce.

I serve notice now that during the next regular session of Congress I shall reintroduce and press the resolution which I offered in the early part of this session for a general investigation into the textile situation in this country.

I think it is a shame that the committees of Congress, the Finance Committee of the Senate and the Ways and Means Committee of the House, should have agreed to any increase in the rate on cotton textiles and rayon when deplorable conditions exist as they do in many of the Southern States to-day and when those industries are paying such miserable wages to the workers throughout the Southern States and in most of the northern textile factories of the country. I am utterly amazed that the Finance Committee, in the face of the facts as they have been presented to the Committee on Manufactures and as they have been presented to the country by the Department of Commerce and by the Department of Labor, should have had the temerity to come in here and ask the Senate of the United States to vote an increase in these tariff rates for the benefit of labor when since 1922 the hours of labor have been increased, wages have been lowered, and the stretch-out system has been doubled and doubled again.

Mr. TYDINGS. Mr. President, will the Senator permit an interruption?

Mr. WHEELER. I yield.

Mr. TYDINGS. To show how the tariff is helping the sale of agricultural products in the United States, may I say that I have just received a letter from the Lord-Mott Co., who have been in Baltimore since 1836 canning vegetables. They say:

We inclose herewith copy of a letter received from our representative in Cuba. You will note that the Cuban Government has raised the customs tax on canned corn very high. In fact, as they now rate the corn they will have to pay \$3.15 per case, as against 47 cents per case under the old ruling. We are afraid that this new ruling will be assessed against all canned goods in the near future, and if such be the case, it will stop the shipment of all canned goods into Cuba entirely.

They ask to have the matter taken up with the Department of Commerce. That proves that we have made the tariff so high on a great many articles that other governments are beginning to retaliate, so that the farmer who must export a lot of his crops in order to realize any considerable return from them is only having his market cut off and must depend more upon the home market than previously, so that instead of helping the farmer the net result will be a curtailment and diminishing of his market.

Mr. WHEELER. I might also call attention to an Associated Press dispatch this morning from Argentina disclosing the fact that they have cut in half the tariff on British silk manufactured goods because of the fact that we were raising the tariff in the United States.

Mr. TYDINGS. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Maryland?

Mr. WHEELER. I yield.

Mr. TYDINGS. I can not help but feel that had we enacted the original bill into law as presented here we would have had retaliatory tariffs all over the world, and the net result would have been to put the farmer in a worse hole than he is in at the present time.

Mr. WHEELER. I agree with the Senator that there has been a lot of "bunk"—we can not describe it by any other name—here in the Senate about the benefit of the tariff to the farmer, the benefit of the tariff to the workingman, and yet no one dares to stand up on the floor of the Senate and say that the tariff has done or ever will do one particle of good to the wheat growers of the country, who constitute the largest number of the farmers in the country. Never has it done one single thing for the cotton growers of the country except to pauperize them. Never has it done one single thing for the largest part of the laboring men in the country, composed of the railroad workers, the miners in the copper and coal mines, and the laborers in the building trades. All of those laborers, and all of those farmers engaged in the production of wheat and cotton, have to pay tribute to a few manufacturers, and now we find when we come to the cotton-textile schedule in the tariff bill that every argument advanced by those who stood on the floor of the Senate in 1922 that they wanted a tariff on cotton textiles for the benefit of labor is disputed by the facts shown by the Department of Commerce and the Department of Labor. Everything that it was claimed in 1922 the tariff would do for the laboring people has been disputed by subsequent events and facts because, as I contended a moment ago, the wages of labor have constantly gone down ever since the Fordney-McCumber Act of 1922.

Mr. EDGE. Mr. President, very briefly I should like to pursue a little further the inquiry that I made of the Senator from Georgia [Mr. GEORGE] a few moments ago in relation to the paragraph under discussion, paragraph 902. Reading further from the brief of the representatives of the thread manufacturers who came before the Committee on Ways and Means and the Committee on Finance, they pointed out what seems to be a decided discrepancy in the duty, irrespective of its total, between paragraph 901 and paragraph 902. I should like to read a short paragraph from this brief, as follows:

Paragraph 901 slightly increases the rate of duty on cotton yarns. We would point out that when single strands of cotton yarn have once been combined with other strands and twisted into what is technically known as 2-ply, 3-ply, 4-ply, 6-cord, and so forth, it becomes to all intents and purposes "sewing cotton" and it is impossible to define exactly where cotton yarn ceases to be yarn and becomes cotton thread.

In sizes finer than 50, the duty on yarn is higher than that on thread wound on spools, tubes, or cones, ready for use on the sewing machine. For example, a fine yarn, in size 90 or 100, would be subject as such in its single condition to a duty under paragraph 901 of 37 per cent. Immediately this yarn is advanced beyond the condition of a single yarn and is twisted into 2, 3, or 4 ply, it would be classed and imported as thread, and if the tariff bill in its present form became law would be brought in at 25 per cent ad valorem or 12 per cent less than it would be subject to in the single form.

It would seem to me that that does furnish somewhat of an inconsistency, in that after the process of manufacturing it into a finer condition the duty is reduced to 25 per cent, whereas the duty on the yarn as covered by paragraph 901 is 37 per cent. Has the Senator from Georgia an explanation of that?

Mr. GEORGE. Mr. President, I see the chairman of the Finance Committee on his feet and I believe that he is prepared to make an explanation of the apparent inconsistency.

Mr. SMOOT. Mr. President, there is no inconsistency in it, and for the reason I shall state. The House rates of duty on the 2-ply yarn and on the 6-cord sewing thread made therefrom compare as follows:

Cotton yarn, No. 120, 2-ply, is a cotton yarn that is twisted into the sewing thread. On the cotton yarn No. 120, 2-ply, the invoice price is \$1.48 per pound; the House rate is 37 per cent ad valorem. That equals a duty per pound of \$0.5476. Cotton sewing thread No. 70, 6-cord, having an invoice price of \$2.65 per pound, carries a House rate of 25 per cent ad valorem, which is equivalent to a duty of \$0.6625 per pound. The excess of 25 per cent ad valorem thread duty over 37 per cent ad valorem yarn duty is \$0.1149 per pound.

Mr. EDGE. In other words, because of the higher value of the continued process of manufacture the 25 per cent actually is a greater protection on that commodity than the 37 per cent on the single thread.

Mr. SMOOT. Absolutely, and the Senator will notice that we took off the one-half of 1 cent specific. One-half of 1 cent specific on a value of \$2.65 per pound we did not think worth while.

Mr. EDGE. The request of those who represent the manufacturer is that the specific be retained and that that would equalize the difference.

Mr. SMOOT. There is a difference of 11 cents per pound now.

Mr. SACKETT. Is that on the 25 per cent House rate?

Mr. SMOOT. It is on the 25 per cent House rate.

Mr. SACKETT. Does the Senator know what it would be on the 30 per cent Senate rate?

Mr. SMOOT. It would be 24.74 cents.

Mr. SACKETT. That is equal to 50 per cent of the cotton-yarn rate additional for twisting it, is it not?

Mr. SMOOT. Practically so.

Mr. SACKETT. It would look as if it ought to go back to 25 per cent.

Mr. SMOOT. There is no doubt in the world but that 25 per cent is ample protection.

Mr. SACKETT. Can the Senator state why the Senate committee made the rate on embroidery yarn 35 instead of 25 per cent?

Mr. SMOOT. Those come in short hanks.

Mr. SACKETT. But the House gave 25 per cent and the Senate committee raised it to 35 per cent, an increase of 10 per cent, whereas they only raised sewing thread 5 per cent. Is there any justification for it?

Mr. SMOOT. The only thing that would equalize it would be the price at which the thread is sold.

Mr. SACKETT. My recollection is that in the Senate committee we did not have any real reason for doing it.

Mr. SMOOT. I am only telling the Senator that the only possible justification would be that fact, and I am not very much impressed with it.

Mr. EDGE. The position taken by the manufacturers is not an unusual one, but the more extensive the process the greater the duty should be in proportion than for what they term, I think, the single process of twisting. I follow the Senator and concede considerable logic in his contention that because of the increased value of the two or three additional processes the ad valorem applied to that fact would give them what he considers a protection comparable to that given in paragraph 901.

Mr. SMOOT. There is no doubt about it, I will say to the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

Mr. HARRISON obtained the floor.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Montana?

Mr. HARRISON. I yield.

Mr. WHEELER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Montana suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	Kendrick	Shortridge
Ashurst	George	Keyes	Simmons
Bingham	Gillett	La Follette	Smith
Black	Glenn	McCulloch	Smoot
Blaine	Goff	McKellar	Stelwer
Borah	Goldsborough	McMaster	Stephens
Bratton	Greene	McNary	Swanson
Brock	Hale	Norbeck	Thomas, Idaho
Brookhart	Harris	Norris	Thomas, Okla.
Broussard	Harrison	Overman	Townsend
Capper	Hastings	Patterson	Trammell
Connally	Hatfield	Phipps	Tydings
Copeland	Hawes	Pittman	Vandenberg
Dale	Heflin	Ransdell	Walcott
Deneen	Howell	Robinson, Ind.	Walsh, Mass.
Dill	Johnson	Sackett	Walsh, Mont.
Edge	Jones	Schall	Waterman
Fess	Kean	Sheppard	Wheeler

The PRESIDING OFFICER. Seventy-two Senators having answered to their names, a quorum is present.

Mr. HARRISON. Mr. President, I presume the Senator from Montana [Mr. WHEELER] called for a quorum because some of the distinguished Senators, who have been signing round robins of late, have not been in the Senate Chamber for the last hour or more and have left the Senator from Utah, deserted and alone, in charge of the bill, and it is concerning the new "Turkish" uprising that I desire to address myself briefly.

Of course we know that the other side of the Chamber has given birth to many blocs and groups, and those various blocs and aggregations have from time to time been designated by different appellations; they have been called everything from

"pseudo-Republicans" to "wild jackasses." However, the new commotion on the other side, created by this new group, has contributed much to the amusement of the country and of the press. We are not told of the cause of the uprising and it is difficult to diagnose the case. We read in one newspaper that this newest group was formed in order to defeat adjournment; that it was formed at a dinner party given by one of the distinguished members of the group, whose chest has expanded about 4 feet since his name was mentioned as the leader. I am not speaking of the Senator from Michigan [Mr. VANDENBERG] in this instance. [Laughter.] It was on another occasion that his chest expanded. When we see in the corner of the Senate Chamber Grundy's Piggly Wiggly store, as it has been designated by the Senator from Nebraska [Mr. NORRIS], we find there is one article missing, and that is a tape measure so that we might measure the enlarging chest expansions of certain Senators of the new group as they come into the Senate Chamber, after reading of their designation as "leader."

Mr. NORRIS. Mr. President, I hope the Senator will not misrepresent this store in any respect. Here [exhibiting] is a tape measure which can be used for the purpose the Senator has in mind. [Laughter.]

Mr. SWANSON. Mr. President, will the Senator yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Virginia?

Mr. HARRISON. I yield.

Mr. SWANSON. Since we have had opportunity to inspect the display on the table in the corner of the Senate Chamber and find that razors, and perhaps other dangerous weapons may be found in the collection, in view of the disputes on the other side, does not the Senator think it might be conducive to the physical safety of Senators on that side if the razors were removed? [Laughter.]

Mr. HARRISON. Yes; no one is safe over there.

The newspapers of to-day print fine cartoons with the new group as the subject. The newspaper articles also give us various accounts of what they are going to do. Of course, the Senators composing the new group are vying with one another in getting their names and pictures in the public press. It would seem that only through such a policy can some of them get mentioned by the press. I hope the publications in the newspapers will cause no hard feelings among the membership.

The morning Post of Washington carried very striking likenesses of two of the distinguished gentlemen, the Senator from Michigan [Mr. VANDENBERG] and the Senator from Kansas [Mr. ALLEN], and I have here a newspaper from Philadelphia containing a picture of the Senator from Kansas. Evidently the Philadelphia newspaper thought his head had gotten pretty big, for they could not even print his picture in one column and had to take off part of the head in order to get it in the usual column. At any rate, they printed it, and there it is so prominent, yet so unusual. The new group evidently are moving along very well. Here is what one of the newspapers of this morning had to say in starting its very interesting article carried by the Associated Press:

The uprising in the ranks of the newer Republican regulars in the Senate began to assume organized form yesterday, as a meeting of 25 Members counted in the group was called for to-night.

I hope that nothing will be done to disarrange their plans for the evening. I understand that they are to meet together during the short interim between the time when the Senate shall take a recess at 5.30 and shall convene again at 7.30. I understand they are merely going to take a sandwich on the run, and then are going to discuss various matters of importance to the Republican Party. One newspaper said that they are not to discuss the question of leadership. So the Senator from Utah can sit unworried for the present at least, knowing that his head will not be chopped off this evening. The Senator from Washington [Mr. JONES] may also indulge his usual complacency, confident for the time that he will go unbeheaded. Of course, the distinguished present Presiding Officer [Mr. McNARY in the chair] may not be elevated to-night, but his elevation may come at any time as these gentlemen design and will it.

One article said that they were to meet and organize for the purpose of voting against final adjournment of the session. Another article that they had signed a round robin in order to force night sessions and to pledge attendance at them. Something is peculiar about that. When they met and considered the question of adjournment they had already voted against adjournment; and when they were considering staying here at night sessions the Senate already by a unanimous vote, every Senator acquiescing, had decided to hold night sessions; but in order to get into the headlines of the press these 24 warriors, bent upon beheading somebody or something, styling themselves

"Turks," met and pledged that they were going to stay here every night and were not going to give up the program of holding night sessions.

Mr. President, I do not know where they got the designation of "Young Turks." I do not know whether they assumed it themselves or otherwise acquired it. I looked at the dictionary to see just what the word "Turks" means. Of course, the Young Turks have played an important part in the history of the world. They have been uprisers; they have been revolutionists, they have believed in a new order of things, and in order to get it they destroyed churches, beheaded rulers, murdered Christians, and drenched their country with the blood of innocent people, in such a manner, for atrocity and unspeakable cruelty, the like of which has no counterpart in history. So, the Senator from Utah may know that the group who call themselves by the name "Turks" mean to go out and get somebody's head and have a slaughter here in the Senate of the United States.

Others did not like the designation "Young Turks." I presume that, perhaps, the new leader from Kansas [Mr. ALLEN] objected to it, and so they have been called the "Junior League." Then another designation which has been applied to them is the "Grundy Group."

Mr. ALLEN. Mr. President—

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Mississippi yield to the Senator from Kansas?

Mr. HARRISON. I yield.

Mr. ALLEN. The designation of "Young Turks" I first heard from the eminent Senator from Mississippi who now entertains us. The real designation as I understand is "Boy Scouts." [Laughter.]

Mr. HARRISON. I think that is a very appropriate designation, "Boy Scouts." I have thought all along that instead of being called "Junior Leaguers" they ought to be called "Bush Leaguers."

Here is what the dictionary says about Turks. All the papers this morning speak of Young Turks; and, if I am not mistaken, one of the distinguished Senators, in speaking of the subject, said something about the Turks of this body; but the dictionary defines a Turk as follows:

A person exhibiting cruelty, * * * duplicity, rudeness, or the like, such as is attributed to Turks.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Georgia?

Mr. HARRISON. I do.

Mr. GEORGE. I want to say that if the Young Turks are responsible for these night sessions, I think they can not be altogether exonerated from the charge that they are disposed to be very cruel to some of us here in the Senate; and if we can make certain that there are Christians in the Senate, it may be that they will turn out actually to be the killers of Christians before the night sessions have ended.

Mr. HARRISON. But their first meat is to get the Senator from Utah [Mr. SMOOT], and then the Senator who is now sick in Florida [Mr. WATSON], and then the Senator from Washington [Mr. JONES].

Another paper that carries the picture of the Senator from Kansas [Mr. ALLEN] says that they call this the "baby bloc." Another calls them the "New Guard." And yet, Mr. President, what is the difference between the Old Guard and the New Guard?

Every member of this so-called "baby bloc," this group of Turks, this group of Hoover Regulars, this New Guard, voted for the increased rates in the industrial schedules recommended by the Senate Finance Committee. Time after time, with a few exceptions, this new group voted to put upon the country these additional rates; and it was only after we drove back into their seats this new and young group of warriors who style themselves "Turks," so that they had a minority here, that they deserted the Senator from Utah and the Senator from Washington, and said, "Let us get out from under."

You thought you could see in the country the disfavor with which this bill has been received, and the recommendations that have been proposed; you knew you would receive the castigation of the constituents who had so recently sent you here; and then you created this smoke screen and expostulated: "Oh, we are against the Old Guard. We will form a new group, and we will run this body." How? By trying to force a vote before this session of Congress shall have ended; and one of the distinguished speakers said you are carrying out Mr. Hoover's ideas!

That is the trouble about it. You go up and dine with the President, and then you come out and say something as to

what the President believes. This group quotes him one way and that group another; and you have left the people of the whole country in doubt as to the position of the President of the United States. There is not one of the group that believes that it is possible to pass this bill during this session of Congress; and you who signed your round robin to stay here at night and to have your little peacock dinner meeting to-night at 5.30 o'clock, know that it is impossible to pass this bill during the present session.

Why, you do not even sit here and give any assistance in acting on it. You do not even stay in here to vote on it. Of course, if the bells ring you come from your hiding places, and then you vote on the question that is pending; but your seats are vacant all during the day. They have been that way. Now, it may be that you want to show yourselves to-night, when the galleries will be crowded and filled, and you will be here exploiting yourselves as the new group of the Senate. Ah, Mr. President, there are some peculiar things in connection with that!

I see that the distinguished Senator from Rhode Island [Mr. METCALF] has joined the baby group, this Turkish crowd—the same gentleman who reaffirmed the "pseudo-Republican" expression recently, and, in a statement which he gave out from Providence, R. I., said that this bill was dead, and that it would be much better that it was dead than if it had been passed through the Senate by the coalition of progressive Republicans and Democrats. Yet this very gentleman, who was chairman of the Republican senatorial campaign committee, has now joined this group and says that they are fighting to pass this bill during this session of Congress!

The truth about the matter is that the Senator from Rhode Island has a sore toe. He is vexed; he is a little angry because his Republican colleagues set him aside as chairman of the Republican senatorial campaign committee and elevated the distinguished Senator from New Hampshire [Mr. MOSES] to that place; and he now forms a group to put out the Senator from New Hampshire. Has he aspirations himself to be chairman of the Republican senatorial campaign committee? Was it in good taste for this distinguished Senator, who formerly occupied this place, to write the letter last week to the present chairman of the Republican senatorial campaign committee and then send it to this group with a resolution written out in form and in words saying that the chairman of the Republican senatorial campaign committee should not come into his State or into the State of any Senator who is up for reelection without his approval or that of the particular Senator running for reelection? So that is what the Young Turks are out to do.

They are out to knife the Senator from New Hampshire; and yet most of the new group were steered into their seats under the leadership of the Senator from New Hampshire. He was chairman of the Republican senatorial campaign committee when most of you were running for office; but as soon as you get here you try to throw him out. Is it because he referred to the distinguished gentlemen who have stood with us on this side in taking off these high industrial rates as "wild jackasses"? Is that the reason? Do you think his influence is gone?

These gentlemen who have been styled "wild jackasses" ought to get some comfort out of the fact that it is better to be called a wild jackass than a domestic jackass. If you look up the definition of those two terms, you will find that the latter is slothful; he is lazy; he is difficult to stir and hard to move. But a wild jackass is cunning, sure footed, swift moving, on the alert all the time, up and doing. So you are going to have your dinner to-night to talk over the question of refusing to adjourn, of holding night sessions, and you are going to delay to another day the decision of the question of who shall be chairman of the senatorial Republican campaign committee, and of leadership in this body.

The papers state that the Senator from New Hampshire is not invited to this love chat to-night. He will not be numbered as one of the Turks up there. Well, I will say this to you—that if he were there, there would be a little life and a little pep and a little inspiration in the gathering, instead of being clouded over by the "Hoover Blues," as it will be.

The PRESIDING OFFICER. The question is upon the amendment of the committee.

Mr. HEFLIN. I ask to have the clerk state the committee amendment upon which we are now about to vote.

The PRESIDING OFFICER. The amendment will be stated. The LEGISLATIVE CLERK. On page 151, line 19, the committee proposes to strike out "25 per cent" and insert "30 per cent," so as to read:

Cotton sewing thread, 30 per cent ad valorem.

Mr. GEORGE. Mr. President, I do not wish to discuss this amendment at any great length. I wish to say a few words

with reference to the subject matter brought into the discussion by the Senator from Montana [Mr. WHEELER]. He has directed attention to the fact that the scale of wages in the textile industry in the South and in the country generally is low compared with the scale of wages in general industry.

Mr. President, I think the Senator is quite right, and I take no issue whatever with him. I am perfectly willing to concede that in the matter of dollars and cents the wage paid in the southern textile mills is not quite equal to the wage paid in textile mills elsewhere in the country; but I believe it will be found, on a comparison of all of the benefits going to those who operate the mills, that the wages in one section of the country are not out of line with the wages paid in other sections of the country.

In one matter, however, I thoroughly agree with the Senator from Montana; and that is that labor does not gain anything through the protective tariff per se. I know very well that it has been said that this bill is for the benefit of American labor. I know very well that that has been asserted time after time. Theoretically, I can, of course, see how it may be so; but American labor undoubtedly has made headway, where it has made headway at all, through its own independent exertions, through its power and its capacity to organize, and through its power and its capacity to compel a just recognition of the rights of labor. I am perfectly willing to concede that the textile industry is an illustration of just how American labor profits from the protective system. It does not get its profits out of that system per se.

I can very well understand how the laborers in all industry are urged to come down to Washington when a tariff bill is under consideration and urge the Congress to give higher duties upon the theory that labor is entitled to higher wages; but as a matter of fact those in organized labor should thoroughly understand that those of us who insist upon reasonable duties are in the long run better friends to organized labor and to American labor generally than those who insist on giving them benefits through exceedingly high rates of duty.

The truth is, Mr. President, that in every tariff issue that is raised in this body it is easy enough to see how industry imposes upon those who are employed by industry or those from whom industry buys its raw material.

I do not want to go back into the controversy we have just passed; but I am going to say this, because I shall not bring up the subject again:

Theodore Roosevelt shattered one of the biggest trusts that was ever organized in America when he struck the blow at the American Tobacco Co. The shattered fragments of the same old Tobacco Trust have not hesitated to go to every producer of tobacco in America and say, "If you vote to give to one class of producers a higher rate of duty upon their wrapper tobacco, we can not give you as much for your filler and for your binder as we are now giving to you." The Senator is quite right; American industry has not hesitated to say to the laborers, "If you do not stand against every effort to bring about a reduction of tariff duties, your wages must necessarily go down."

Does anybody blame American labor when it comes here and says to us, "We insist upon higher duties; we must have higher duties"? I do not. I can well appreciate the attitude of labor. I can well appreciate the attitude of some of the leaders of organized labor. Yet the story is the same. When the manufacturer wants what he wants he brings pressure to bear upon the group that has influence in the Congress and he makes himself felt through that group.

I agree with the Senator; labor is not paid what labor ought to be paid in the textile industry, North or South. We can raise tariff duties until we get them fairly within the sky, but if labor does not do what labor has done elsewhere, does not take its case in its own hands, in a proper and just way, it will not receive the benefit of these tariff duties.

I have not opposed the Senator's investigation to investigate labor in the textile industry, and I shall not. I think that investigation should be made. I very frankly say that I think that labor has a just cause of complaint. But while all that is true, I hope that the distinguished Senator from Montana, my friend, and other Senators will not overlook the fact that there has been some distress in the textile industry.

The cotton textiles and the woolen and worsted textiles have presented more nearly the picture forecast by the President in his message calling for a limited revision of the tariff than other general industry. That does not justify all the increased rates that have been proposed by the House or the Senate Finance Committee in the cotton schedule or the woolen schedule or other textile schedules by any means, but I do think that there are some increases proposed by the House, perhaps some

of the recommendations made by the Senate Finance Committee, in some of the textile schedules which ought to have our fair, just, and impartial consideration.

I believe we should not permit the conditions which exist in the textile industry, we should not permit the fact that labor has not shared in these duties, to influence us against the giving of fair treatment if any industry has made a case under the rule laid down by the President, which I admit to be a reasonable and fair rule.

Mr. President, just one word more with reference to the statement made by the distinguished Senator from South Carolina [Mr. SMITH]. It is quite true that this Nation is the greatest producer, it is the greatest consumer, it is the greatest exporter of cotton, raw and manufactured, in all forms. That is quite true. It is also true that mass production has been realized in our textile industry to such an extent that the textile industry in the United States does not, in my opinion, require very high tariffs to sustain it.

While that is true, in the finer yarns and the finished goods there is a higher degree of competition, on account of the element of labor in the production, than in some of our industries. While I generally agree with what my friend from South Carolina says, and take no issue whatever with the position taken by the Senator from Montana, I think that if there is presented in this schedule any case that justifies congressional consideration, we ought not, for the reasons stated, allow other causes of complaint to influence us in casting our votes.

Mr. BINGHAM. Mr. President, before we vote on this committee amendment I would like to call the attention of the Senate to the sworn testimony of Mr. Kerr, which may be found on page 19 of the Senate committee hearings on cotton manufactures.

Mr. Kerr came before us representing his company, the American Thread Co., and also the thread industry, and he pointed out that the House rate was lower than the present rate. He stated:

The tariff law of 1922 in force to-day provides a specific duty of one-half of 1 cent for each 100 yards. It contains a rider providing that in no case shall a less duty be charged than 20 per cent ad valorem, nor shall a higher rate be collected than 35 per cent ad valorem.

They appeared before the House Ways and Means Committee asking for an increase in the ad valorem bracket, and that the specific rates remain as they are at present. The House struck out the specific rate and merely increased the minimum rate from 20 per cent to 25 per cent, and gave them no opportunity for the higher rate.

Mr. Kerr stated under oath that the bill, if enacted into law in the form in which it came over from the House, would work a serious injury to the thread industry in this country, and would open the American market to foreign competition to a very much greater extent than in the case under the present tariff of one-half of a cent per hundred yards. He asked us to reinsert the specific duty in the present law, but the committee did not do that. The committee, instead, gave a slight increase in the minimum ad valorem rate.

Mr. Kerr went on to point out another injustice which would result if the House bill were enacted as it came from the House. He said:

We would point out that when single strands of cotton yarn have once been combined with other strands and twisted into what is technically known as 2-ply, 3-ply, 4-ply, 6-cord, and so forth, it becomes to all intents and purposes "sewing cotton," and it is impossible to define exactly where cotton yarn ceases to be yarn and becomes cotton thread; so that there is a great conflict between paragraphs 901 and 902, as I have just explained.

In sizes finer than 50s the duty on yarn (par. 901) is higher than that on thread wound on spools, tubes, or cones ready for use on the sewing machine. For example, a fine yarn, in size 90 or 100, would be subject as such in its single condition to a duty under paragraph 901 of 37 per cent. Immediately this yarn is advanced beyond the condition of a single yarn and is twisted into 2, 3, or 4 ply, it would be classed and imported as thread.

The bill as it came over from the House would then enable this thread to come in at 25 per cent, or 12 per cent less than it would be subject to in the single form.

These two arguments appealed to us in the committee as justifying the increase, the first argument being that instead of helping the thread industry, which had been in difficulty, actually the rate in the House bill is less than the rate in the present law; in the second place, that the yarn rate was such that, by changing the yarns into thread, a foreign manufacturer could import them at 12 per cent less.

Mr. GILLET. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.

Mr. GILLETT. How does the Senate committee amendment compare with the present law?

Mr. BINGHAM. The present law provides a specific duty of one-half of 1 cent a hundred yards. The House provision gave a rate of 25 per cent straight and no specific duty. The Senate committee increased it by 5 per cent.

Mr. GILLETT. How does that compare with the present law?

Mr. BINGHAM. The Senate committee thought it was about the same as the present law.

Mr. SMOOT. It is not.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. BINGHAM. Certainly.

Mr. LA FOLLETTE. The table furnished by the Tariff Commission shows the equivalent ad valorem under the existing law to be 23.84 per cent.

Mr. BINGHAM. That average, I take it, is on all classes; but there are certain classes where the rate is less than it is at present.

In response to a question by the senior Senator from North Carolina [Mr. SIMMONS], Mr. Kerr wrote a letter, which will be found on page 207 of the Senate committee hearings, which he put in the form of an affidavit, in regard to the import of the particular cottons, known as crochet, embroidery, and darning cotton, compared with the entire business of this country. The best estimate he can reach is that the \$1,500,000 worth of imports of hand cottons is 22 per cent of the total sales of these particular cottons. Estimates made by his friends in the business run somewhat higher, from 25 to 26 per cent, but he states that the imports are equal to between 20 and 25 per cent of the entire business done.

He states further:

Quotations of 100s single combed on Manchester cotton exchange around May 13, 1929:

Price per pound, ranging from 33½¢ to 36¼¢.

United States equivalent, \$0.6784 to \$0.7391.

Duty under existing tariff rates, \$0.28 to \$0.28.

Duty under H. R. 2667, \$0.251 to \$0.2735.

The present duty (\$0.10 per pound, plus \$0.003 per number in excess of 40s) is \$0.28 per pound, whereas the proposed rate of 37 per cent ad valorem results in a duty of \$0.251 and \$0.2735 per pound, respectively, on the above quotations.

Mr. WALSH of Massachusetts. Mr. President, I understood the letter which Mr. Kerr wrote, which the Senator has just read, gave information with regard to imports of articles provided for under the next amendment and not to those covered by the pending amendment.

Mr. BINGHAM. The Senator is correct.

Mr. WALSH of Massachusetts. I think the letter referred to the amendment which will follow the one under consideration.

Mr. BINGHAM. The Senator is quite correct. It was my mistake.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.

Mr. NORRIS. I understood the Senator to say, in answer to a question propounded to him by one of the Senators, that the House rate was a decrease.

Mr. BINGHAM. I did not state that on my own authority. I gave it as the testimony, under oath, of the representative of the thread industry, and quoted from him that it was their belief that it was a decrease. I do not know whether I stated it, but I might have repeated his statement that they would rather go back to the present law than accept the House rate.

Mr. NORRIS. Mr. President, if the Senator will permit me, there may be a chance for honest disagreement as to whether it is an increase or a decrease, but, in the first instance, I would like to call the attention of the Senator to the fact that the testimony from which he deduces the conclusion that the House rate is a decrease is the testimony of an interested person. That ought to be considered. It does not necessarily mean that a man is wrong in his testimony because he is interested.

In comparison with that I would like to have the Senator examine the official information furnished us as to Schedule 9, "Cotton manufactures," a comparison of rates of duty in the tariff act of 1913, the tariff act of 1922, the pending House bill as passed through the House, and as reported to the Senate by the Finance Committee.

Taking that information, which I assume is correct—of course, I have no information of a personal nature as to that—

Mr. BINGHAM. Neither have I.

Mr. NORRIS. It appears from this compilation that the rate under the act of 1913 was an ad valorem rate in the act of 1913,

but the present law provides a specific duty, and, of course, has to be reduced to an ad valorem equivalent in order to make the comparison.

Mr. BINGHAM. There was a combination of ad valorem with specific.

Mr. NORRIS. Yes. This gives the rate of duty under the act of 1913 as 15 per cent and the rate of duty under the act of 1922, which is the present law, as 23.84 per cent. The House bill as it passed the House provided for a rate of duty of 25 per cent, an increase of a little more than 1 per cent. The Senate committee reported 30 per cent, which is a 5 per cent increase over the House rate and a little more than 6 per cent over existing law.

Mr. SMOOT. Mr. President, in relation to the 37 per cent ad valorem found on cotton yarns in subsection (b) referred to by the Senator from Connecticut [Mr. BINGHAM], it was stated that there was no equivalent ad valorem duty because there was a less rate than the 30 per cent in one case and the 37 per cent in the other case as applied to the same thread. I want to repeat what I said when I was asked the question a little while ago. These are the facts in the case:

Cotton yarn No. 120, 2-ply, is that yarn which is twisted and made into thread. The value of that is \$1.48 per pound invoice price, and 30 per cent ad valorem on \$1.48 is equivalent to 54.76 cents per pound.

When that yarn is twisted into the thread that we are speaking of now, No. 70, 6-cord, it is worth \$2.65 per pound, as against \$1.48 per pound for the single thread spoken of by the Senator. Twenty-five per cent ad valorem on \$2.65 per pound is 66.25 cents, or 25 per cent more per pound on the yarn itself than upon the single-thread yarn at 37 per cent. That is the reason why the committee did just as it has done, making the rate on the thread itself the ad valorem equivalent of 11 cents a pound more than upon the single thread out of which it is made. That is the situation. It is true that we took off the one-half cent specific, but what is one-half cent specific on thread valued at \$2.65 per pound? It does not amount to anything.

Mr. NORRIS. The Senator from Connecticut said nothing further than that it was a 1-cent specific rate. He said a specific rate of one-half of 1 cent would not amount to much. But whether it amounts to anything or not depends upon the point at which that percentage is applied. If it was one-half of 1 cent on each 100 yards that would not amount to much. If it was one-half of 1 cent on each inch it would be a very high tariff.

Mr. SMOOT. The Senator from New Jersey [Mr. EDGE] called attention of the Senate to that point and I explained it, but there were very few Senators here at the time. The Senator from Nebraska was out of the Chamber at that time. I assure the Senator that there is not any advantage being taken of the thread manufacturer using cotton yarn No. 120, 2-ply.

Mr. NORRIS. It is perfectly clear to me that the Senator is right on that point.

Mr. COPELAND. Mr. President, last week we raised the price on practically every kind of food that goes to the dining table—rice, fish, and other things. We brought about an increase in price by raising the tariff rates. We invaded the hospital and the nursery by increasing the tax on lemons. Now it is proposed to tax the housewife by an increased tariff on thread and knitting cotton. The home dressmaker must pay more for the cotton thread that she uses. Every time the mother of the family sits down at night to darn the family socks I hope she will stick a sharp needle into the Congress which would propose to increase the tax on darning cotton.

There is no use at all of protesting. I suppose that the various blocs which have been organized and the members of which are here when we vote, but are not here at other times, will vote to uphold this increased rate. Even the distinguished leader of the farm bloc, the Senator from Idaho [Mr. BORAH], I notice is absent from the Chamber most of the time, and most of the Young Turks are away a good deal of the time; but here we are going forward, putting tax after tax upon the shoulders of the people of our country. Others may go just as far as they like, but I am going to raise my voice every time and call the attention of the people of the United States to what is going on in the Senate. We are seeking to break down a people already overburdened by taxation. I am in bitter opposition to the amendment of the committee.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. SMOOT. Mr. President, I understood the Senator from Georgia [Mr. GEORGE] to say that wages in the North and South are practically the same in the cotton industry.

Mr. GEORGE. Oh, no; I said that in cash equivalent the value of labor in the southern textile mills and in the mills elsewhere on examination would be found to be not far apart.

Mr. SMOOT. I was going to call attention to the fact that the hourly rate of wages of men in the North in 1926 was 44.8 cents and in the South 28.7 cents. Women's wages in the North were 37.1 cents and in the South 23.1 cents. Taking the full hourly time in 1926 again, in the North it was 50 hours and in the South it was 55.7 hours.

Mr. OVERMAN. Mr. President, where does the Senator get those figures?

Mr. SMOOT. The figures are taken from the report of the United States Bureau of Labor Statistics on hourly wages of men and women in the North and the South.

Mr. OVERMAN. I think I can show from a bulletin just issued that we have a very different state of affairs.

Mr. SMOOT. I have made no investigation of it myself.

Mr. GEORGE. Mr. President, I did not want to go into this matter this afternoon, but what I said was simply this: The National Conference Board some years ago compared the wages paid in the southern textile industry with the wages paid in the textile industry of New England and other parts of the country. The difference in house rent, the difference in the supplies that were furnished labor at the actual cash market value, and the things which have to be purchased by labor were considered, and there was found to be very little difference in actual wage scale in the industry. That was altogether true when they compared the wages paid to a worker doing the same work in the southern mills and in the mills elsewhere. It is true that for the most part the highly skilled labor in the textile industry is at work in New England and in other parts of the country than the South.

It is not universally true, but it is true that when we compare the skilled labor in the two sections it will be found that the greater portion of the skilled labor is at work outside of the South. So when we compare the wages paid the worker doing the same work in the southern mills with the wages paid to the worker doing the same grade of work in the mills in other sections of the country, and when we take into consideration the vast advantage which the southern mill owners give to the laborer in the way of housing, in the way of furnishing supplies at cost, in the way of much cheaper fuel, water, electric current, and so forth, it will be found, just as the National Conference Board did find upon a fair comparison of wages, that there was really not very much discrepancy. I agree with the Senator from Montana [Mr. WHEELER] that the wages paid in the South and in the North in the textile industry are entirely inadequate.

Mr. HEFLIN. Mr. President, I do not want to do anything that will hurt the cotton mills of the United States. I want to see them prosper in every section of the country. I agree with the Senator from Georgia [Mr. GEORGE] and the Senator from Montana [Mr. WHEELER] that our laborers in this industry are not now receiving as much as they ought to receive. I am in favor of their having increased wages. I can well understand why a spinner could not afford to pay a workman who is making cloth at 5 cents a yard as much as he would pay a man who is making fine cloth worth 75 cents a yard. We can all see the difference in the wage scale that should obtain there.

But, Mr. President, the cotton producer is the person who is suffering now as well as those who labor in the cotton mills. Both of them are entitled to receive more, the one for the cotton and the other for the work of making the cotton into cloth or thread. But in order to enable the manufacturer of cotton cloth to pay the wage that he ought to pay, we must not cripple and injure him now when we are passing upon this schedule and other schedules that affect vitally his business. If I know it, I am not going to vote to injure the cotton-manufacturing industry of the United States. I can justify my demand for higher wages for those who work in the cotton mills when I vote a rate of protection that is just and fair to the manufacturer of cotton goods.

Mr. WHEELER. Mr. President, according to the census of manufactures for 1927 the weekly earnings of the workers in the cotton-goods manufacturing plants of Alabama were \$12.34; in the State of Georgia, \$12.53; Mississippi, \$10.61; North Carolina, \$13.28; South Carolina, \$12.65; Tennessee, \$12.75.

Mr. NORRIS. Mr. President, I was unable to hear the Senator from Montana when he began his statement and I desire to ask what are the figures he is quoting? I understood they related to wages, but did they give the wages in cents per hour?

Mr. WHEELER. No; the figures, which are taken from the census of manufactures for 1927, relate to the weekly earnings.

Mr. NORRIS. They are given in dollars?

Mr. WHEELER. Yes; they are given in dollars and cents. In Alabama the wage was \$12.34 a week.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Massachusetts?

Mr. WHEELER. I yield.

Mr. WALSH of Massachusetts. Is the Senator stating the average wage for women and men or for both?

Mr. WHEELER. This report does not state; it merely says "wage earners."

Mr. WALSH of Massachusetts. The average mill wages in Alabama for textile workers was \$12.34?

Mr. WHEELER. It was \$12.34. That was according to the census of manufactures. For the State of Georgia the wage was \$12.53; in Mississippi it was \$10.61; in North Carolina it was \$13.28; in South Carolina it was \$12.65; and in Tennessee it was \$12.75.

The average weekly earnings of workers in cotton mills in 1928, as compiled by the United States Bureau of Labor Statistics, were as follows: In Alabama it was \$10.19.

Mr. HEFLIN. When was that?

Mr. WHEELER. That was in 1928, and the figures are furnished by the United States Bureau of Labor Statistics. In Georgia the weekly wage was \$11.73; in Maine, \$13.81; in Massachusetts, \$16.47; in New Hampshire, \$18.14; in New York, \$16.44; in North Carolina, \$12.23; in Rhode Island, \$18.93; in South Carolina, \$9.56; and in Virginia, \$11.23.

Mr. President, as I pointed out this afternoon, in 1922 we raised the tariff on all cotton textiles, and we said we were doing it for the benefit of labor; but since 1922 the wages in the cotton-textile industry have been decreased. Now, Senators are favoring increases in the tariff, and even the Senator from Alabama says, "I am willing to vote for tariffs in some instances." I say, Mr. President, that what we ought to do in the case of the cotton-textile industry is to reduce the tariff duties. The idea of a manufacturer of cotton textiles in the United States to-day paying a laborer \$9 or \$10 a week, that laborer working for 60 hours a week under a stretch-out system by which the manufacturers have doubled and redoubled the work of the operative since 1922, when the present tariff law was passed, it was said, for the benefit of the laboring men of the country.

Mr. President, it is said that many agitators are busy in the southern textile field. Is it any wonder there are agitators in the southern cotton-textile mills when the owners of those mills are paying their employees such wages as I have indicated and require them to double and treble and quadruple their work on the stretch-out system?

Mr. McMASTER. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from South Dakota?

Mr. WHEELER. I yield.

Mr. McMASTER. As the Senator has pointed out, after imposing higher duties in the act of 1922 it would be natural to suppose that wages would have been increased in many of those States when, as a matter of fact, they have been decreased. Has the Senator the financial statements of some of those companies who have been operating there? If so, I wish he would put them in the RECORD.

Mr. WHEELER. I have not the figures in regard to the financial condition of the mill companies. I did not know the cotton schedule was coming up to-day.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Montana yield to the Senator from Nebraska?

Mr. WHEELER. I yield.

Mr. NORRIS. Has the Senator from Montana the figures on his desk?

Mr. WHEELER. I have them on my desk, but I have not made the calculations from them.

Mr. NORRIS. I want to ask the Senator another question. Has he advised the Senate as to imports and exports of cotton textiles?

Mr. WHEELER. Of the articles embraced in this particular schedule it has been stated this afternoon that the exports are about eight times the amount of the imports; that the imports are about 1 per cent of the domestic production.

Mr. WALSH of Massachusetts. They are less than 1 per cent of the exports.

Mr. WHEELER. They are less than 1 per cent of the exports.

Mr. NORRIS. The fact that the imports are less than 1 per cent of production, of course in itself, shows two things: First, that the tariff is too high, and, second, that the beneficiaries of these high-tariff duties do not give the wage worker, the workmen and the working women, any percentage of the profits derived by reason of the high-tariff rates.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the junior Senator from Montana yield to his colleague?

Mr. WHEELER. I yield.

Mr. WALSH of Montana. Mr. President, my colleague has evidently given some attention, and I think a good deal of attention, to the labor feature of the tariff duties on cotton goods. Can he tell us what percentage of the wholesale price of these cotton products actually goes to labor?

Mr. WHEELER. No; I can not tell my colleague that, because of the fact that the Bureau of Statistics apparently had no figures at all on that subject; at least, when we asked for them they did not furnish them to the committee.

Mr. WALSH of Montana. I ask that question, because I am under the impression that the total labor cost in this particular industry is less than the tariff; in other words, the tariff does not represent the difference in the cost of production at home and abroad, but is more than the total amount paid to labor.

Mr. WHEELER. There is no doubt about that. As I pointed out this afternoon, when there were fewer Senators present, in some of the southern mills a weaver formerly tended 24 looms; then the number was doubled to 48 looms; then it was doubled again from 48 to 96 looms; and in some cases a weaver is required to take care of over a hundred looms. As the Senator from South Carolina [Mr. SMITH] pointed out this afternoon, in Great Britain that sort of thing is not permitted; a weaver there is not permitted to take care of 24 or 48 or 96 looms.

Yet, Mr. President, we have here, as I said a moment ago, a bill purporting to be for the benefit of labor, and it is proposed to increase all the rates in the cotton textile schedule. In considering the bill the House raised those rates, and in many instances they were again raised by the Senate Finance Committee. To my notion, it is scandalous to think that under the circumstances we would do a thing of this kind in this body.

When I brought to the attention of the Senate some time ago a resolution providing for an investigation of such conditions, I pointed out that we ought to have an examination of this industry before the tariff bill should be considered, so that Senators would be able to have some intelligent idea of what they were doing. Now, what do we find? Senators get up in their places and say, "I want to vote for such a tariff bill as will enable me to justify my position in advocating increased wages for the workmen and working women later on." We ought to know how much money has actually been invested in the textile companies; how much watered stock has been issued by those companies; we ought to know something with reference to how much is going to the commission men and the selling agencies, and how much is actually going to the stockholders. However, we have not before the Senate any information of that character which is so vital to a proper consideration of this schedule. We are acting upon the cotton schedule blindly, and will probably act upon the other textile schedules blindly, without any information upon the subject at all.

Mr. BLEASE. Mr. President, I do not want to say anything on the subject of the tariff bill—

Mr. SMOOT. Then, Mr. President, will the Senator allow us to vote upon the pending amendment? He can then proceed.

Mr. BLEASE. I merely wish to correct some of the figures which have been stated; but, of course, if the Senator wants to go ahead, I can do that at another time.

Mr. SMOOT. I thought we might vote on the pending amendment, and then the Senator could proceed.

Mr. BLEASE. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next amendment.

The LEGISLATIVE CLERK. On page 151, paragraph 902, line 22, after the word "yards," it is proposed to strike out "25 per cent" and insert "35 per cent," so as to read:

Crochet, embroidery, darning, and knitting cottons, put up for hand-work, in lengths not exceeding 840 yards, 35 per cent ad valorem.

Mr. SMOOT. Mr. President, in view of the action taken on the amendment immediately preceding the one just stated, in the same paragraph, I think perhaps similar action should be taken with regard to the pending amendment.

Mr. GILLET. Mr. President, I wish the investigation referred to by the Senator from Montana [Mr. WHEELER] could have been conducted. I do not know much about the conditions in other parts of the country, but I know, as probably we all know, that the cotton manufacturers of New England are in a

most distressed condition, and that it is not because of any profit derived by them that labor is so depressed.

I agree thoroughly with the Senator from Montana and the Senator from Georgia that it is sad such inadequate wages should be paid; we all wish that higher wages could be paid; but, after all, we want to remember that even under present conditions the operatives in American textile mills are paid vastly more here than are similar workmen in other countries. I think that ought to be taken into account.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Montana?

Mr. GILLET. Certainly.

Mr. WHEELER. Let me say to the Senator that the textile operators in this country are not paying more wages to their employees per unit than are being paid in Great Britain, according to the figures which have been furnished to me.

Mr. GILLET. What does the Senator mean by "per unit"?

Mr. WHEELER. According to the amount of work turned out per man.

Mr. GILLET. In that respect, I think, the Senator is quite mistaken.

Mr. WHEELER. The Senator will find, I am sure, that the figures which I have given are correct.

Mr. GILLET. I shall be glad if the Senator will put in the Record, and I hope he will do so, the figures as to the comparative wages that are paid there and here, as well as the comparative profits.

Mr. HEFLIN. Mr. President, if I understand the vote that was taken a moment ago, it leaves the rate as the House fixed it.

Mr. SMOOT. That is correct.

Mr. SHEPPARD. Mr. President, I should like to ask the Senator from Montana what has become of the resolution providing for the investigation to which he referred?

Mr. WHEELER. I will say to the Senator, as he well remembers, that the resolution was referred to the Committee on Manufactures, and that a majority of the members of the committee in reporting the resolution suggested that the investigation be made by the Tariff Commission or the Federal Trade Commission. The minority members of the committee reported that the questions involved ought to be investigated by the Committee on Manufactures of the Senate. By reason of the tariff bill being before the Senate, and by reason of the fact that we could not get the resolution to a vote, I asked unanimous consent to have it adopted as reported providing for the investigation to be made as the majority wanted it; but there was objection to that. While I felt that I would rather have that done than to see no investigation at all, I thought that it would be much better if the investigation should be made by the Committee on Manufactures.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. WALSH of Massachusetts. Mr. President, practically the same facts and arguments which were presented to the Senate with reference to the previous amendment apply to the pending amendment. There is a difference in that there are much larger importations; but I am reliably informed by the experts of the Tariff Commission that the importations are of a very special and superior quality of yarns that women use in crocheting and in making embroideries and in knitting. I am also informed that the imported yarns, though they come in in considerable quantities, sell at a higher price than do the domestic yarns. That the consumers will not substitute the imported crochet and other threads herein named for the domestic, and will pay the higher duty if necessary. Therefore, it seems to me there has been no case made out here in favor of the large increased duty in the amendment proposed by the Senate committee.

I should like the Record to show that under the present law the ad valorem equivalent based on imports of 1928 of the rate provided in the present law is 20.03 per cent; that the House rate is 25 per cent; and the proposed rate under the Senate committee amendment is 35 per cent—being an increase of 75 per cent over the rate carried by the present law. It does not seem to me that the record warrants any such increase in the rate of duty; and, therefore, I believe we would give the industry all that it can properly demand if we voted down the Senate committee amendment and restored the House provision.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was rejected.

The next amendment was, on page 152, line 21, after the word "dyed," to strike out "or colored" and insert "colored, or woven-figured," and at the end of line 25, after the word "ad," to strike out "valorem" and insert "valorem: Provided, That

none of the foregoing shall be subject to a less duty than 0.55 of 1 cent per average number per pound," so as to read:

PAR. 904. (a) Cotton cloth, not bleached, printed, dyed, colored, or woven-figured, containing yarns the average number of which does not exceed No. 90, 10 per cent ad valorem and, in addition thereto, for each number, 0.35 of 1 per cent ad valorem; exceeding No. 90, 41½ per cent ad valorem: *Provided*, That none of the foregoing shall be subject to a less duty than 0.55 of 1 cent per average number per pound.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER laid before the Senate an executive message from the President of the United States, which was referred to the Committee on Foreign Relations.

RECESS

The PRESIDING OFFICER. The hour of 5.30 o'clock having arrived, the Senate will stand in recess until 7.30 o'clock this evening.

EVENING SESSION

The Senate reassembled at 7 o'clock and 30 minutes p. m., on the expiration of the recess.

The PRESIDENT pro tempore. The Senate resumes the consideration of the unfinished business.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment found on page 152, line 21.

Mr. HARRISON. Mr. President, I do not see the Senator from Georgia here. I think we can take a vote, however.

The PRESIDENT pro tempore. The question is on agreeing to the amendment. [Putting the question.] The Chair is in doubt.

Mr. NORRIS. There is no doubt about that, Mr. President. The PRESIDENT pro tempore. The Chair is in doubt, nevertheless.

Mr. WALSH of Massachusetts. Mr. President, which amendment is this?

The PRESIDENT pro tempore. The amendment on page 152, line 21.

Mr. WALSH of Massachusetts. Mr. President, that is the most important matter in this whole schedule. I should expect that there would be some explanation of the amendment. I should like to have an explanation of it.

Mr. SMOOT. It will not take long, Mr. President.

The amendment found on page 152, line 21, is, after the words "Cotton cloth, not bleached, printed, dyed," to strike out "or colored" and insert "colored, or woven-figured," and to add the proviso at the top of page 153.

This bracket has been adopted with two modifications: First, the exception of woven figures, as in the act of 1922, has been restored. Second, there has been provided a minimum progressive specific rate of 0.55 of 1 cent per average number per pound. The act of 1922 provides, for unbleached cotton cloth, a specific rate of duty which would progress from 0.40 of 1 cent per number per pound on up to No. 40; thereafter, 0.55 of 1 cent per number per pound.

There are imports of unbleached cloth made of low-priced stock on which the present specific rates are higher than the present ad valorem rates; and on some of these the increased ad valorem rates of the present bill result in a decrease in the effective rates of duty. It has therefore been deemed advisable to provide, for unbleached cloths, minimum progressive specific rates of 0.55 of a cent per number per pound in addition to the progressive ad valorem rates.

In other words, Mr. President, on certain low-priced stock carrying a rate of 0.40 of a cent per number per pound the duty has been increased to 0.55 of a cent per number per pound; and on the higher grades—that is, the finer yarns—there is a slight decrease.

That is the explanation of the amendment.

Mr. WALSH of Massachusetts obtained the floor.

Mr. BORAH. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from Idaho.

Mr. BORAH. I desire to ask the Senator from Massachusetts a question: The Senator said this was the most important item in the whole schedule. I wish he would explain why he says that.

Mr. WALSH of Massachusetts. I was about to do so.

As I understand, this paragraph deals with most of the cotton cloth that is produced in America or that is imported into America. The amendment in paragraph (a) deals with unbleached cotton cloth; that is, the cloth as it is in first stage as it comes from the loom.

Mr. SMOOT. Cloth from the loom.

Mr. WALSH of Massachusetts. Yes. Paragraphs (b), (c), (d), (e), (f), and (g) contain increased duties levied upon cotton cloth after it has passed beyond the unbleached stage into various other stages.

In my opinion, some reduction can be made in the cotton cloths referred to in some of the other sections of this paragraph. I think the rates proposed to be levied as recommended by the Finance Committee in paragraph (a) are justifiable.

Now I shall try to explain the reason why.

The plain gray cloths covered by this section are subject under present law to a progressive specific duty in combination with progressive minimum ad valorem rates. The House bill substitutes a single standard of progressive ad valorem rates. The progressive ad valorem duty which the House levied worked out when tested in certain yarn counts of cloth to be a lessening of the rate in important instances. This is especially true in the case of certain cloths, where the importations are already excessive.

I do not know whether I make myself clear or not. The matter is a very complicated one; but under present law, the customs appraiser must choose the higher rate between the specific duty and the minimum ad valorem. A substantial amount of the cloths come in under the specific rates.

When the House changed the basis of levying duty and abandoned the specific-duty idea and applied the progressive ad valorem rate, it was found that certain goods that heretofore had a specific duty got actually less protection under the House rate than they receive under the present law. That was a varying class of goods. Am I correct?

Mr. SMOOT. This was the provision that the appraiser was to take whatever was the higher value.

Mr. WALSH of Massachusetts. Exactly.

Mr. SMOOT. If the ad valorem was the higher rate, they took the ad valorem. If the specific was the higher, they took the specific. That is the provision to which the Senator refers.

Mr. WALSH of Massachusetts. Now let me illustrate.

I have before me a table which gives the list of importations for the year 1927 of unbleached cloth.

One of these grades is what is called No. 54, which means that the average yarn count in that class of cloth is 54. Mark you, these cloths vary widely in value, so that under count 54 there would be cloths that could have levied upon them a specific duty which would be effective, and other cloths of very much higher value where the customs officer would choose the ad valorem duty.

Mr. SMOOT. That is on account of styles.

Mr. WALSH of Massachusetts. Exactly. There is a wide range of values in cloths of the same average count, so that in certain instances the specific duty was effective and higher than the ad valorem duty, and in other instances the ad valorem was the higher; and therefore the customs officials took the higher duty.

In the case of cloths of the average count of No. 54, the number of yards imported under the law of 1922 in the year 1927 was 1,193,796 yards. The ad valorem rate, based upon the value of imports of 1927, was 31.50 per cent under present law. Under the House bill the rate would be 28.90 per cent.

This demonstrates that the House rate works out to be actually a reduction of 2.60 per cent. This would mean a positive reduction in the protection to that class of cloths which had to meet heavy competitive importations. If I am not correct, I hope the Senator from Utah will correct me.

Mr. WHEELER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Montana?

Mr. WALSH of Massachusetts. I yield.

Mr. WHEELER. Will the Senator tell us how much of this kind of cloth we exported?

Mr. WALSH of Massachusetts. I can not tell the Senator in the case of that specific kind of cloth.

Mr. WHEELER. Can the Senator tell us what companies manufacture this class of goods in the United States?

Mr. WALSH of Massachusetts. Most companies that make cloths between these ranges. As I understand, the change from the specific duty to the ad valorem duty by the House affected particularly the class of cloths that are between the average count 30 and 70. In other words, a certain class of goods—and it happens to be the class that is meeting with competition from imports—actually in the House rate are threatened

with lower protection than now. As I understand the Senate committee amendment, it is proposed to correct that deficiency or that lessening of protection in such cases by providing a progressive specific duty which will be applicable in these cases and raise the protection to at least the protection which these cloths at present enjoy.

Mr. WHEELER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Montana?

Mr. WALSH of Massachusetts. Just a moment.

In the case of the number which I cited, No. 54, the importations were 1,193,796 yards. The rate under the law of 1922 is 30.90 per cent. The rate under the House bill is 28.90 per cent. Now, nobody in this Chamber wants to reduce protection upon this industry, so far as I have been able to learn. It is an industry that is admittedly distressed; and at least we want the industry to enjoy protection that it has at present.

Mr. WHEELER. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from Montana.

Mr. WHEELER. I was going to ask whether the Senator can tell us how the present rate works out, how the Finance Committee's amendment would work out, and how much that would raise it over the rate of the law of 1922.

Mr. WALSH of Massachusetts. I will state to the Senator how much it raises it in general; not on that one particular count.

Mr. WHEELER. No; I mean generally.

Mr. WALSH of Massachusetts. In general, the raise is from 35.73 per cent to 39.67 per cent. It is an increase of about 4 per cent on the average.

Now, let us go to another class of cloth, cloth of the average count of 66. The imports are 1,053,635 yards. The present rate in ad valorem terms is 33.86 per cent.

The House rate is 33.10 per cent, a reduction of a little less than 1 per cent, and this with respect to cotton cloths that are being imported in comparatively large volume.

To show to what extent cloth importations vary, let me recite the amounts of imports from the table which I hold in my hand. In cloths of an average count of 16 there were only 2,456 yards imported. In No. 26 there were 144 yards imported. In No. 29 there were 13,000 yards imported. In No. 37 there were 85,000 yards imported. In No. 49 there were only 60,000 yards imported. In No. 53 there were 61,000 yards imported. But in No. 54 there were 1,193,796 yards imported.

It so happens that the substitution of the House ad valorem rates intended to give some slight increased protection to all cotton cloths, and it does give increases to many of the numbers, actually works out in certain numbers based upon the imports and the valuation of the imports to be a reduction. As I understand the amendment of the Senate committee, it is to supplement the House progressive ad valorem rate by a minimum specific rate which will prevent certain kinds of cloth receiving a rate less than the present rate of protection. Who can oppose that?

When we come to some of the other sections in this paragraph the rates the Senate committee has proposed can be reduced, because in my opinion there is not the need of the increased ad valorem rates upon these classes of textiles.

I ask the Senator from Utah if I am not correct in stating that this is the most important amendment in the whole schedule if the cotton textile industry is to get any redress.

Mr. SMOOT. It is, because of the fact that it is the basis of all the following paragraphs and sections in the bill.

Mr. WALSH of Massachusetts. Exactly. For a clearer understanding of the problem, it should be recalled that cotton cloth in general is dutiable under the provisions of paragraph 904. Section (a) covers it in its simplest form, as it comes from the looms; sections (b) and (c) as it may be further processed before importation by bleaching, coloring, printing, or dyeing; and section (d) covers certain cases where special mechanical requirements in its manufacture exist.

The basic rates are established in section (a) for plain grey cloths, and additional uniform differentials are provided in the other sections ((b) and (c)) for the more advanced states of the cloth, or for the more complicated processes ((d) and (e)) required in the manufacture.

Mr. SMOOT. Then the Senator desires the Finance Committee increase?

Mr. WALSH of Massachusetts. I desire to have the Finance Committee amendment in subdivision (a) approved.

Mr. SMOOT. That is, 38.12 per cent?

Mr. WALSH of Massachusetts. Yes. Of course, if that is not approved, everything ends there.

Mr. SMOOT. Then take No. 60, of which the Senator next spoke.

Mr. WALSH of Massachusetts. The first number was 54, then No. 66, and then 69.

Mr. SMOOT. I took No. 60 because I was going to skip just six numbers at a time. The rate on the 60's in the act of 1922 was 29.66 per cent. The House increased that to 31 per cent, and the Senate committee increased it to 36.25 per cent. Is that where the Senator wants to begin to decrease?

Mr. WALSH of Massachusetts. No.

Mr. SMOOT. He wants that increase agreed to. What is the first number the Senator wants to have decreased?

Mr. WALSH of Massachusetts. I am talking about subdivisions (c), (d), (e), and (f). I am satisfied with the Senate committee amendment in subdivision (a). I thought I made that clear.

Mr. SMOOT. I wanted to know just what the Senator had in mind.

Mr. WALSH of Massachusetts. The junior Senator from Montana asked me a moment ago—and I find a table in my possession that enables me to answer the question—to what extent the imports competed with the cloth numbers to which I have referred heretofore. I will say to the Senator that in the cloths numbered from 61 to 80 the table which I have in my possession shows that the imports were about 20.16 per cent of the American production.

Mr. WHEELER. What were the exports?

Mr. WALSH of Massachusetts. There are no statistics of export of cloths based on average counts of cloths. I imagine most of the imports are in the print cloths named, which are in the lower count. The reason why the particular class of cloth to which I have referred needs protection can be illustrated by the table to which I am referring.

Of cloths with a number count between 1 and 20 there are imported only 0.02 per cent.

Imports of cloths with a number count between 21 and 40 are only 0.27 per cent; of cloths with a number count between 41 and 60, 1.91 per cent; of cloths with a yarn number count between 61 and 80, the imports represent 20.16 per cent; and in cloths from 91 to 100 the imports represent 30.39 per cent; and from 101 to 120 represent 46.4 per cent.

The whole method of imposing rates here is complicated and involved, and difficult to understand. The kinds of cloth woven are many and the varieties of each kind numerous. In many instances they differ so essentially in character as to constitute separate and distinctive industries, the necessary machinery for their production not being interchangeable, the labor employed requiring special training, and the markets for which they are made differing greatly. What I am favoring is protection to those industries which are meeting with serious competition in certain grades of cloth.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. In just a moment. If the rate is in any way excessive, if in any way there is more protection granted than was needed—and I do not grant that that is so—the consumer is protected, because there is scarcely any industry in the United States where competition is so keen as in the cotton-cloth textile industry. I know the Senator from Utah will confirm that statement.

Mr. SMOOT. Yes, Mr. President, but I want to ask the Senator one more question so that I will get the trend of his thought and can follow just what changes he wants made.

Mr. WALSH of Massachusetts. On this amendment now pending I want no changes. I am in full accord. But to show that I was not for sweeping increases all along the line, I prefaced my statement by saying that there were amendments in certain sections of this paragraph as to which I proposed to suggest reductions.

Mr. SMOOT. The first amendment, striking out the words "or colored," and then adding "colored, or woven-figured," the Senator desires to have agreed to?

Mr. WALSH of Massachusetts. I am not discussing that amendment to this paragraph.

Mr. SMOOT. Unless that is done, then it would fall in subdivision (c).

Mr. WALSH of Massachusetts. Yes. My purpose in referring to other amendments in this schedule was to eliminate the suggestion that I approved of all the increases in this paragraph. I emphasize this particular amendment because it is the basis of all and is clearly justified.

If the committee has gone higher in the other rates than is proper, in connection with advanced cotton cloth, we can change them as we approach them, but if the textile industry is to get

any relief it has to get it by keeping out the class of cotton cloth that comes into the country between the cotton cloth numbers that vary from 40 to 70 based upon the yarn count.

I now yield to the Senator from Montana. I beg his pardon; I had intended to yield before.

Mr. WALSH of Montana. Mr. President, my information on this particular subject is exceedingly limited, but I dare say the answer to the question addressed to the Senator from Massachusetts by my colleague may possibly be found at page 1548 of the Summary of Tariff Information furnished us by the Tariff Commission, and I would like to have an explanation of this matter by the Senator from Massachusetts. I read there as follows:

Average annual imports for consumption of countable cotton cloths, such as are now dutiable under paragraphs 903 and 906 of the tariff act of 1922, amounted to 50,704,093 square yards, valued at \$8,201,735, under the act of 1909; to 76,618,376 square yards, valued at \$20,995,267, under the act of 1913; and to 123,844,254 square yards, valued at \$28,409,882, under the act of 1922 to the end of the calendar year 1927. Imports for consumption during the last decade have been as follows.

Then follows the schedule at page 1549, from which it appears that in 1923 there were imports of 206,000,000 yards, in 1924 there were 183,000,000 yards, in 1925 there were 109,000,000, in 1926 there were 61,000,000 yards, in 1927 there were 63,000,000 yards, and in 1928 there were 58,000,000, which shows there has been a constant and very important decline in the amount of imports. Although 58,000,000 yards, valued at \$15,000,000, seems to be an important amount, yet as compared with the production in this country it is rather insignificant.

The figures in regard to production are found at page 1547, showing that in 1925 the domestic production was 6,693,129,462 yards, valued at \$883,000,000, so that the imports in value amounted to about one-half of 1 per cent.

Mr. SMOOT. That takes in subparagraphs (a), (b), (c), (d), and (e).

Mr. WALSH of Montana. That may be.

Mr. SACKETT. And also section 906 as well.

Mr. SMOOT. The Senator's figures are absolutely correct as to the quantity of square yards, but the statistics just given take in subparagraphs (a), (b), (c), (d), and (e) and paragraph 906.

Mr. WALSH of Montana. That may be, but the figures from 1923 to 1928 show \$658,000,000.

Mr. SMOOT. The figures the Senator named are correct.

Mr. WALSH of Montana. It would appear as though under the existing law the importations have been constantly diminishing until now they are a little more than one-fourth of what they were in 1923.

Mr. WALSH of Massachusetts. Mr. President, it is undoubtedly true that there is a small percentage of imports compared with the large production in the country, but we are not dealing with a commodity of one price or of one variety but of many kinds, which are practically separate industries. For instance, under woven cotton goods over 12 inches in width there are 75 different varieties, each one of which is substantially an industry in itself. There are no imports at all of cloth of certain of the varieties and therefore no cause for increased protection, but there are imports of other varieties which seriously affect some branches of the industry which is producing cotton cloth of particular kinds.

Mr. WALSH of Montana. I so understood the Senator. I dare say that the diminution in importations of these goods is attributable in no small degree to the substitution of other fabrics for cotton fabrics. But if it is the case—and I have no doubt that it is—that there are certain classes of these goods which are imported in some considerable quantities and others of which there are no importations at all, yet in that situation of affairs how would we be justified in putting a blanket rate over all classes of goods? Is it not possible for the Senator to amend the paragraph so as to reach all classes of goods with respect to which it can be shown that there are importations of consequence?

Mr. WALSH of Massachusetts. It is impossible to do it. The tariff experts have given the matter most careful consideration, and this amendment is the only solution. Is not that correct, may I ask the Senator from Utah?

Mr. SMOOT. That is correct. I called attention to the equivalent ad valorem rates showing the decrease beginning at 54.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. Will the Senator permit me once more to state the proposition and then I will yield to him? Some Senators have just come in and I have been asked to state the matter again.

The present law levies a progressive specific duty on cotton cloth, depending upon the yarn count of the cotton cloth. This duty was protected by a progressive ad valorem duty so that as the cloth of average counts increases the specific duty and the ad valorem duty increase. As the cloth increases in value it requires more labor and higher costs of production, and a higher protection was therefore granted. The House sought to remove the progressive specific duty because, as I am informed—and if I am not stating the fact, I wish any member of the Finance Committee would inform me—the customs officials found it difficult, when they got a piece of cotton cloth, to determine what duty to apply. They had first to find the specific duty and then they had to ascertain what the ad valorem rate would be, as the law required them to apply the higher of the two rates. I am stating that correctly, am I not, may I ask the Senator from Kentucky?

Mr. SACKETT. Yes; but I think the specific duty was largely superseded by the value of the cloth.

Mr. WALSH of Massachusetts. It was found that the ad valorem was usually used. The House committee struck out the present rate with the idea of not putting our customs officials to the trouble of finding a specific duty, and based all the duties upon an ad valorem rate. After the House had fixed that basis an investigation was made of imports of cotton cloth under the various yarn counts, in order to compare the present law with the House ad valorem basis. A comparison was made and it was found, and I have given the figures here and I ask anybody to dispute them who can, that the House by its changed method of levying the duties had actually reduced the protection in a few instances on some of these cloths.

The Senate committee therefore said, "We will levy a minimum rate, and the minimum we will make a progressive specific rate, the basic rate being an ad valorem rate and the minimum being a specific rate." That specific rate works out to give effective protection to the cloths in the group between 30 and 70, the cloths alone meeting with competition from imports. That is why the proviso is of extreme importance. Otherwise, we go back to the House provision and we find a duty upon a distressed industry which actually lowers the protection in a class of goods which is meeting the competition from imports.

Does anyone here challenge those facts? Is there any challenging of the fact that the House rate reduces protection upon a certain class of these cotton cloths—unintentionally, for the House increased it on cloths where it is not effective. The proviso is to bring the protection level up to what it is now in those counts of cloth which need it and which require protection.

Mr. SMITH and Mr. WHEELER addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield; and if so, to whom?

Mr. WALSH of Massachusetts. I will yield first to my good friend from South Carolina, who asked me some time ago to yield to him.

Mr. SMITH. I was interested in the question the Senator from Montana [Mr. WALSH] asked, if it is not possible to differentiate the different kinds of cloth—those which meet the competition and those which do not.

Mr. WALSH of Massachusetts. It was first proposed to the committee that they increase the ad valorem, but the result of that would be to increase the rates all along the line, from the cheapest kinds of cloth where no increased protection was needed to all other cloths. The committee accepted the specific proviso fixing a minimum duty as the best way and the only way to give sufficient protection to those cloths that made out a case and not giving it to the cloths that do not need protection. Is that a correct statement?

Mr. SMOOT. That is a correct statement. I want the Senator to read the proviso to see just how it applies. It reads:

Provided, That none of the foregoing shall be subject to a less duty than 0.55 of 1 cent per average number per pound.

If we put an ad valorem duty upon it, the very goods which the Senator speaks of here would not get the protection, but the higher-priced goods would have gotten the protection on account of the ad valorem, and therefore the class of goods he speaks of is the very class of goods which under the House bill has a decrease.

Mr. SMITH. Let me ask the Senator a question. The committee put a minimum specific duty on certain counts or certain cloths in order to avoid a diminution or a loss of protection, because below the specific minimum the ad valorem rate would not apply. Then they have differentiated, and they must differentiate unless they put on that progressive minimum specific on all counts in order to check any diminution of the protection by virtue of the ad valorem, because they say that certain classes get an increase by the ad valorem rate and

certain classes get a decrease if they apply simply the ad valorem, and therefore on certain counts they put a specific minimum below which the ad valorem will not affect the duty. They have done the very thing that the Senator from Montana asked if it was not possible to do; that is, to differentiate between the kinds and fix the duty according to the cost of production at home and abroad.

Mr. SMOOT. What I understood the Senator from Montana to ask was if there was not some way to make a division as to the value per yard. That can not be done in the cotton schedule. The Senator knows enough about the cotton schedule to know it can not be done. I can take cotton yarn if the style is in vogue with a 54 count, and have another piece of cloth with number 90, and the number 54 in the United States will bring more than the number 90.

Mr. SMITH. That will depend largely upon whether it is figured and to what extent it comes in, because the Senator knows that it stands to reason that if we have 90 and 54, that the 90 will have, if it is woven at all, more counts of thread to the given unit of measurement than the 54.

Mr. SMOOT. The Senator is right.

Mr. SMITH. Therefore it would be of more value if the quality of goods is at all approximately the same.

Mr. SMOOT. I am speaking now of style only and not of the question of value. I want to call the Senator's attention to the reading of this paragraph. It provides—

That none of the foregoing shall be subject to a less duty than 0.55 of 1 cent per average number per pound.

That is the only way we can take care of it.

Mr. SMITH. I agree to that thoroughly. That is, the average number per unit that is taken for the measurement.

Mr. SMOOT. That is right.

Mr. SMITH. Then every piece of cloth that has that number of counts to the square, whatever square may be taken, comes in that class.

Take a 90 count; according to the number of threads that would be of 90-count yarn there would be another character of cloth. It seems to me that the duty could be regulated according to the count, because it does approximate the value of the goods.

Mr. SMOOT. It does; there is no doubt about that, and that is what we have done in the section. Let me read the section so that the Senator will understand exactly what I mean. I know he took a great interest in this schedule during the consideration of the act of 1922 and also during the consideration of the act of 1913, as I remember. I will read it if the Senator from Massachusetts will excuse me.

Mr. WALSH of Massachusetts. I certainly will. I will be glad to have the Senator from Utah call attention to it.

Mr. SMOOT. Paragraph 904 reads as follows:

Cotton cloth, not bleached, printed, dyed, colored, or woven-figured, containing yarns the average number of which does not exceed number 90, 10 per cent ad valorem and, in addition thereto, for each number, 0.35 of 1 per cent ad valorem; exceeding number 90—

And cloth exceeding that number is of fine quality—

41½ per cent ad valorem.

But—

Provided, That none of the foregoing shall be subject to a less duty than 0.55 of 1 cent per average number per pound.

Mr. SMITH. That is the specific duty.

Mr. SMOOT. Yes; that is the specific duty. This amendment will virtually bring the rate to what it is to-day. The House bill without this amendment provides a decrease in the duty on the class of goods that need the greatest protection.

Mr. SMITH. I have not read it closely, but I see that the specific is graduated and the ad valorem is graduated according to the ascending scale of the count.

Mr. SMOOT. That is right.

Mr. WALSH of Massachusetts. Mr. President, there are two other facts I should like to present to the Senate in this connection. First of all, we are not dealing with 10 per cent or 15 per cent or 25 per cent increases; we are talking at the most about a 2 per cent increase. Am I not correct in that?

Mr. SMOOT. It is a little less than 3 per cent, being about 2.6 per cent.

Mr. WALSH of Massachusetts. In other parts of this bill we have levied 10 per cent, 15 per cent, and 25 per cent increases without hesitancy, but now we are talking about an increase of only 2 or 3 per cent.

Again, 90 per cent of all the cloth made in America is under the 40 range. So we are dealing with the limited quantity of cotton cloth domestically produced that is over the 40 count range, and we are seeking to give that range of cloths adequate

protection against imports; 90 per cent by weight of the product of the cotton textile industry has practically no competition from imports.

There are cotton mills in the North and in the South manufacturing cloth over 40 counts which are meeting with considerable competition from the imports, limited when we consider the whole volume of production, because most of the imports are all within this 10 per cent. In this range where there have been found to be substantial imports it happens that the change from progressive specific rates and progressive ad valorem rates to a straight ad valorem rate has resulted in reducing the protection below that afforded by the present law.

Mr. SMOOT. That is true.

Mr. WALSH of Massachusetts. The Senator from Utah says that is true. Who disputes that fact? Is there any evidence here to dispute it? Does any Senator in this Chamber want to reduce the present protection to this distressed industry? The proviso is the means which the Senate committee employed to remedy what was apparent to it, from the figures of the Tariff Commission and from the evidence presented to it, namely, that the House change resulted in lowering the protective duty.

Mr. SMOOT. Mr. President, I want to say to the Senator it is the only way by which we can reach this matter without increasing the rates where they should not be increased.

Mr. WALSH of Massachusetts. Absolutely, without increasing the rates on the 90 per cent that do not need any increases over the House bill. Am I correct?

Mr. SMOOT. Absolutely.

Mr. WALSH of Massachusetts. Without increasing the rates on 90 per cent of the production of cotton cloth that does not need increased protection and as to which nobody wants to accord increased protection over the House rates.

Mr. SMOOT. That is what otherwise would be done.

Mr. WALSH of Massachusetts. Mr. President, I am very earnest about this matter, because I do not think anyone who understands the situation would vote for an actual reduction in the protective duty on that class of cotton cloth which is in competition with imports of a volume that is injurious to certain branches of the industry.

I am not going to take the time of the Senate to discuss the distressed condition of the textile industry. That condition is not due by any means to the want of sufficient tariff protection. The cotton-cloth industry is tremendously depressed. It has been running for years on a basis of from 40 to 50 and rarely higher than 60 per cent of its normal production. Men and women have been out of employment for months and on short time at frequent periods. I repeat that this condition is not due mainly to the want of tariff protection; I do not mean to have that inference drawn from my statement, and yet there are, of course, substantial importations, protection against which, will help some manufacturers of cotton cloth. I am trying to close the leaks, so as to give more of the domestic market to cloth manufacturers.

Mr. SACKETT. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Kentucky?

Mr. WALSH of Massachusetts. I yield.

Mr. SACKETT. I want to say to the Senator that the rates in the cotton schedule of this bill are based partly on the fact that there is great unemployment in the textile industry at the present time. The rates reported by the committee apply largely to the higher counts, on the theory that one of the measures of relief that can be offered to the textile industry will come from the making of higher count cloths in this country which heretofore have come almost or very largely from Europe. If, through stimulation of the manufacture of the cloths of higher counts by tariff protection, we could cause our mills, or a good many of them, to produce a better grade of cloth it would help materially to relieve the depression.

They have developed processes by which they can make such grades of cloth both in the North and in the South; the tendency toward manufacturing the higher counts is growing in both sections, but they can not make them unless protection is afforded. Heretofore they could not make them at all or to but a very slight extent. So they did not have that protection which to-day in view of the new development is necessary to enable them to increase the production of such grades of goods.

The average of the product in the South may have been 20 counts, but it is now going up to 40 counts. The average in the North may have been 30 counts, but it is now going to 60 and 70 and 80 counts and if the production of the higher counts could be added to what the mills are doing to-day by increasing the duties on the better grades of cloth we would measurably relieve the unemployment in that industry. That is one of the purposes of making this change in the schedule.

Mr. WALSH of Massachusetts. The Senator has served faithfully and ably on the Finance Committee, and given much study to the question of tariff protection to textiles. May I inquire of him if he did not find from his investigation that the present protective-tariff duties are sufficient on the cheaper or coarser cotton cloths, but on the finer, which require higher labor cost, there is a deficiency in the protective duties?

Mr. SACKETT. The tariff protection was sufficient in the case of the cloths of lower count. Heretofore higher duties have not been needed primarily on the upper counts, because we could not make the upper counts, but we have learned how to do that, and we could make them in greater volume if they were protected.

Mr. WALSH of Massachusetts. Exactly. I should like to ask the Senator from Kentucky a further question, and I will speak in terms that every Senator can understand. We have all heard of English broadcloth shirtings; all know what English broadcloth shirtings are. They have been imported in large volume. Now, I ask the Senator if that is not cotton cloth within the count above 30 but below 70?

Mr. SACKETT. I think so; that is my understanding.

Mr. SMOOT. There is no question about it.

Mr. WALSH of Massachusetts. Is it not true that if the House provision should be adopted, the American cotton manufacturer competing with English broadcloth shirtings would have less protection than he now has, so that he would not even have whatever advantage he may have at the present time?

Mr. SMOOT. There is no question about that.

Mr. WALSH of Massachusetts. That is a situation all can understand.

Mr. SACKETT. The proviso is designed to take care of that situation.

Mr. WALSH of Massachusetts. Exactly. Mr. President, I have already spoken much longer than I intended, but I want to repeat that we are not dealing with ordinary cotton cloth. No Senator who votes for this amendment will have to go back home and say he voted to increase the duty upon cotton dresses or cotton aprons or cotton rags or ordinary cotton cloth; we are only dealing with 10 per cent of the cotton cloth manufactured, and that is cloth of the finer grades; 90 per cent is beyond and outside the pale of this proviso. The proviso seeks to supply the deficiency in the House rate so as to make it possible for those industries that are competing with the finer high-grade cotton cloths to improve their business by lifting the production. I think the Senator from Utah [Mr. SMOOT] said, an average of about 3 per cent.

Mr. SMOOT. A little less than 3 per cent.

Mr. WALSH of Massachusetts. A little less than 3 per cent. I yield the floor, Mr. President.

Mr. WHEELER. Mr. President, the Senator from Massachusetts says that Senators will not have to go home and tell their people that they voted to raise the duty on cheap cotton cloth and cotton aprons. That is true, but they will have to go home and tell their people that heretofore on cotton cloth they practically put an embargo and that, notwithstanding the fact that they placed an embargo upon such cotton cloth by the tariff act of 1922, and when they did it they told the people of this country it was done in order to protect American labor; instead of increasing the wages of the workmen they have actually been reduced, and those men have been made to work longer and longer hours. After putting an embargo on cotton cloth in the act of 1922, on the pretext that German-manufactured goods were going to come over here and flood this country, they will have to go back and tell their people, "We have now put an embargo upon the higher grades of cotton cloth, upon shirtings, and that sort of material."

Mr. President, the Senator from Massachusetts points to the fact that in the State of Massachusetts there has been much unemployment in the textile industry. That is true; and nobody feels more keenly about it than I do, because of the fact that Massachusetts was my native State; but the truth about the matter is that it has not been because of the fact that the manufacturers did not have sufficient protection. They came down here in 1922, and the Republican Party, then in control of Congress, gave them the kind of tariff they wanted; they let them write their own tariff bill in 1922. That is what was done. They gave them just exactly the kind of tariff they wanted, and then they went before the American people and said they did it in the name of labor; and then, Mr. President, as I pointed out a while ago, what happened to labor in this country under the tariff act of 1922?

Now the manufacturers come back here and say, "We have all we wanted. We have an embargo upon the cheaper grades now. We want an embargo, practically, upon the higher grades." But they say, "We are only asking that the tariff be raised, not 30 per cent, not 10 per cent, but only about 4 per

cent." Yes, Mr. President, that is all they are asking, but they are asking that in addition to the tariff they already have in the act of 1922, which was sufficient, as is shown by the records, because it has been shown that the imports have very materially decreased. I have not heard anybody challenge the statement that upon these particular grades the imports have not increased since 1922.

Nobody has stood on the floor of the Senate and pointed out the difference between the cost of production at home and abroad, because it can not be done. You know perfectly well, and everybody else who has made a study of the matter at all, knows what? He knows that the New England manufacturers, the cotton manufacturers of this country, can not tell us what their costs are. They have not been able to do it; they can not come here and tell us what their costs are, and they can not tell the difference between the cost of production at home and abroad.

I make that statement because of the fact that it is a statement that was made by Mr. Stewart, I think, of the Department of Labor, as a result of one of the researches he had made; and now the manufacturers are coming here and asking that Congress increase the tariff on cotton goods!

I repeat what I said this afternoon, and if necessary I am going to repeat it upon every schedule that comes here. It can not be justified on the difference between the cost of production at home and abroad.

It can not be justified on the ground that labor needs it, for the reason that with the advanced machinery that we have in this country to-day we can produce cotton goods per unit just as cheaply if not cheaper than they are being produced in England or in any other country in the world.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Massachusetts?

Mr. WHEELER. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. I hope the Senator is not unmindful of the fact that while we have been producing cotton and woolen textiles in America for two generations, the English people and the German people have been producing cotton and woolen cloths for five or six generations; and I remind the Senator that in my own State now—and I have had occasion to be informed as to this because of investigations made by the Immigration Committee—the industries of my State have turned to England and to Germany to bring over superintendents and managers who could incorporate in the development of the textile industry the latest and most modern and most advanced methods in use in those countries.

Mr. WHEELER. Why, Mr. President, the Senator knows perfectly well that Draper & Co. and Whiting & Co. manufacture the most up-to-date looms in the world, and that after establishing their factories here and manufacturing looms in this country they went over to England and started in under their patents manufacturing looms in Great Britain, and they have to-day the most up-to-date machinery in the world.

A few years ago, when I visited Russia, what did the people of that country want? They did not want to go to Germany to get German-made machines for the manufacture of cotton goods. They did not want to go to Great Britain. They wanted to come to the United States of America, because of the fact that we had the most up-to-date machinery in the world.

If we go to China, what do we find in China? We do not find them going to Great Britain, we do not find them going to Germany, for the machinery for their cotton-manufacturing mills. We find them coming to the United States and taking United States machinery to every part of the world for the manufacture of cotton goods. The Senator further knows that by reason of labor conditions over in Great Britain, as pointed out by the Senator from South Carolina [Mr. SMITH] to-day, we are producing a much greater quantity of manufactured goods per unit per man than they are in Great Britain. There is not any question about it; and nobody will stand up on the floor of the Senate and dispute that statement, because of the fact that it can not be done.

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Montana further yield to the Senator from Massachusetts?

Mr. WHEELER. Yes.

Mr. WALSH of Massachusetts. I did not hear the statement of the Senator.

Mr. WHEELER. I made the statement that we are turning out more goods per unit per man than are being turned out in Great Britain.

Mr. WALSH of Massachusetts. Mr. President, I think that is a pretty broad statement.

Mr. WHEELER. No, Mr. President; it is not a pretty broad statement. It is a fact that can not be controverted, because of the fact, as the Senator from South Carolina pointed out the other day, that the labor organizations over in that country will not permit the machinery that we have in this country to be used.

Mr. WALSH of Massachusetts. They are not only using our machinery, but they are duplicating our machinery.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Montana yield to the Senator from South Carolina?

Mr. WHEELER. I do.

Mr. SMITH. The Senator from Massachusetts must remember that the weavers are still maintaining that they shall be paid by the piece, so that while the installation of labor-saving devices increases the number of pieces that an individual can make, he demands his per unit increase; so that if it increases it ten times, he demands ten times the pay. The manufacturers in England declare that it is not economical for them to install labor-saving devices, such as characterize the American mills, for the reason that their operatives demand payment by the piece.

Mr. WALSH of Massachusetts. The Senator is not claiming, of course, that the cotton industries of his State without any protection could compete with the cotton-cloth industries of England, is he? If he does, he ought to move to remove all this protection. If there is any person in this body who thinks there is 1 cent of protection here beyond what is necessary, he ought to move to remove it. If we can produce cotton cloth in this country as cheaply as it can be produced in Germany and in Switzerland and in England, we ought to put cotton cloth on the free list.

Mr. SMITH. I do not know but that we ought to.

Mr. WHEELER. I say right now that in my judgment we can manufacture cotton cloth in the United States just as cheaply as it can be manufactured in England.

Mr. WALSH of Massachusetts. Mr. President, will the Senator tell me why it is that millions of yards of cotton cloth are imported in these various numbers, if we can produce it in this country just as cheaply as it can be produced abroad?

Mr. WHEELER. The Senator may take everything on the protected schedule, and he will find that we are importing at the same time that we are exporting in the case of almost every single article that we manufacture in this country. We export and we import at the same time.

We export one grade, and we import another grade, perhaps. Nevertheless, as the Senator himself pointed out, on most of the cotton goods that we manufacture we have practically an embargo at the present time. The manufacturers have practically an embargo, according to the Senator's own words, excepting in a few of these high-grade schedules; and now he wants to raise the tariff upon those so that we will practically have an embargo upon them.

I heard the Senator and others upon the floor of the Senate pleading for the consumer. I am pleading for the consumers this evening, Mr. President; and I say that there is no justification for raising the tariff in this schedule. My colleague [Mr. WALSH of Montana] pointed out a while ago that in 1923 we imported something over 206,000,000 yards. In 1922, all together, we imported about 58,000,000 yards, a decrease of 150,000,000 yards. In the face of those figures, Mr. President, the Senate Finance Committee increased the duties. No figures are given; nothing is given as to difference in cost of production at home and abroad. No showing at all is made that it is necessary for the protection of labor, because of the fact that since the tariff of 1922 was put on the hours of labor have been increased, wages have been reduced, and the amount of work that each of the weavers in these mills does has been quadrupled; and yet the manufacturers come back here and say, in the face of all those facts, "We must have an increase in the duty on cotton manufactured goods."

Why, Mr. President, it is inconceivable to me that the Senate of the United States, in the face of these facts, with no showing whatsoever excepting that there is a small amount of imports coming into this country, should be asked to increase the duty and place a further burden upon the consuming public of this country. As I stated this afternoon, the Senator points to the fact that New England cotton mills have been closed down, and there has been a great deal of unemployment. What Massachusetts needs is a tariff against South Carolina and North Carolina and some of these other States that are paying lower wages than are paid in the State of Massachusetts. That is what she needs. That is what the Massachusetts manufacturers ought to come down here and ask for—a tariff against South Carolina and

North Carolina and Georgia and Mississippi and these other States. That is the principal reason why the New England cotton manufacturers have suffered. It is because of the fact that the mills have moved from New England down into the South, where they are getting cheaper labor, and also because of the fact that so many people are using rayon instead of cotton goods.

Mr. HARRIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	Kendrick	Shortridge
Ashurst	Frazier	Keyes	Simmons
Bingham	George	La Follette	Smith
Black	Glass	McCulloch	Smoot
Blaine	Glenn	McKellar	Steak
Bleuse	Goff	McNary	Stelwer
Borah	Goldsborough	Moses	Stephens
Bratton	Hale	Norbeck	Swanson
Brock	Harris	Norris	Thomas, Idaho
Brookhart	Harrison	Nye	Thomas, Okla.
Broussard	Hastings	Oddie	Townsend
Capper	Hatfield	Overman	Trammell
Caraway	Hawes	Patterson	Tydings
Connally	Hayden	Phipps	Vandenberg
Copeland	Heflin	Pittman	Walcott
Cutting	Howell	Ransdell	Walsh, Mass.
Deneen	Johnson	Robinson, Ind.	Walsh, Mont.
Dill	Jones	Sackett	Waterman
Fess	Kean	Sheppard	Wheeler

The PRESIDING OFFICER. Seventy-six Senators have answered to their names. A quorum is present.

Mr. BLAINE. Mr. President, this is one of the most important paragraphs with which we have to deal during the present session. It touches more closely and more intimately than any other the home and the cost of living. I want merely to mention some of the items covered by the paragraph.

The paragraph covers the following items of cotton: Sheet- ing, print cloths, twills, sateens, cheesecloth constructions, shirt- ings other than those containing silk or rayon stripes, ging- hams, lawns, nainsooks, cambrics, drills, denims, poplins, voiles, crêpes, dotted swisses, all decorated woven cloths other than lappets or swivels, ducking, suitings, tickings, checks, plaids, calico, percale, and also all fancy fabrics and specialties.

These are many of the items in which Mr. Eyanson was inter- ested, and Mr. Eyanson was here as an employee of the Connecti- cut Manufacturers' Association. He got appointed to a position whereby he had the privilege of going before the Committee on Finance and sitting with the committee, even to the extent of sitting in the executive or secret meetings of the committee. These are some of the items in which Mr. Grundy is primarily interested.

I mention that because there have been powerful and tremen- dous forces exercising their control in Washington, and as a result of those influences we have here a tremendous increase in the costs of those things which go into every home, rich and poor alike.

These fabrics constitute to a large extent the household necessities of every family in America. I want to point out some of the facts in connection with these increases. I take the comparison made by the Tariff Commission giving the rate in the act of 1913, the rate in the act of 1922, the rate in the pending bill as it passed the House, and the rate proposed by the Finance Committee. It is rather a long list, and I have gone through it hastily, but I think I have been able to count the items accurately, and if I should be mistaken as to any item I would be very glad to have my attention called to it.

Mr. DENEEN. Mr. President, will the Senator yield to me that I may announce the death of the Secretary of War?

Mr. BLAINE. I yield the floor.

DEATH OF SECRETARY OF WAR JAMES W. GOOD

Mr. DENEEN. Mr. President, it is my painful duty to an- nounce to the Senate the death of Hon. James W. Good, Secre- tary of War. He passed away at 8.37 o'clock to-night.

I send to the desk resolutions for adoption, which I ask to have read.

The VICE PRESIDENT. The Secretary will read the reso- lutions.

The resolutions (S. Res. 159) were read, considered by unani- mous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow of the death of Hon. James W. Good, Secretary of War.

Resolved, That a committee of seven Senators be appointed by the President of the Senate to join a committee of the House of Representa- tives in attending the funeral of the late Secretary of War on behalf of Congress and to take such other action as may be proper in honor of the memory of the deceased and to manifest the respect and appre- ciation of Congress for his public service.

Mr. DENEEN. Mr. President, as a further mark of respect to the memory of the late Secretary of War, I move that the Senate now take a recess until 10 o'clock to-morrow morning.

The motion was unanimously agreed to; and the Senate (at 8 o'clock and 55 minutes p. m.) took a recess until to-morrow, Tuesday, November 19, 1929, at 10 o'clock a. m.

NOMINATIONS

Executive nomination received by the Senate November 18 (legislative day of October 30), 1929

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Arthur H. Geissler, of Oklahoma, now envoy extraordinary and minister plenipotentiary to Guatemala, to be envoy extraordinary and minister plenipotentiary of the United States of America to Siam.

HOUSE OF REPRESENTATIVES

MONDAY, November 18, 1929

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord, teach us to pray; bless us with its true spirit. While our breath is in our nostrils it behooves us to remember that Thou art infinite in wisdom and holiness. Back of all is the tremendous truth that Thou art a sovereign God. A long time ago, out of the flaming mountains came the voice, "I am the Lord thy God!" O make us more susceptible to Thy presence, our conscience more tender and our spiritual discriminations clearer. Keep us in vital relationship with Thee as our Father, wherein there is perfect accord with Thy purposes. O do Thou impress us that the fear of God is wisdom and to keep His commandments is understanding. We pray in the name of Jesus. Amen.

The Journal of the proceedings of Thursday, November 14, 1929, was read and approved.

ADJOURNMENT

On motion of Mr. TILSON (at 12 o'clock and 4 minutes p. m.), the House adjourned until Thursday, November 21, 1929, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

79. Under clause 2 of Rule XXIV, a letter from the Secretary of the Navy, transmitting draft of a proposed bill to amend section 6 of the act approved February 28, 1925, entitled "An act to provide for the creation, organization, administration, and maintenance of a naval reserve and a Marine Corps reserve," was taken from the Speaker's table and referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRAHAM: A bill (H. R. 5258) to repeal section 144, Title II, of the act of March 3, 1899, chapter 429 (sec. 2253 of the Compiled Laws of Alaska); to the Committee on the Judiciary.

Also, a bill (H. R. 5259) to amend section 939 of the Revised Statutes; to the Committee on the Judiciary.

Also, a bill (H. R. 5260) to amend section 366 of the Revised Statutes; to the Committee on the Judiciary.

Also, a bill (H. R. 5261) to authorize the destruction of duplicate accounts and other papers filed in the offices of clerks of the United States district courts; to the Committee on the Judiciary.

Also, a bill (H. R. 5262) to amend section 829 of the Revised Statutes of the United States; to the Committee on the Judiciary.

Also, a bill (H. R. 5263) providing for punishment of assaults upon letter or mail carriers; to the Committee on the Judiciary.

Also, a bill (H. R. 5264) to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts," approved March 16, 1878, with respect to the competency of husband and wife to testify for or against each other; to the Committee on the Judiciary.

Also, a bill (H. R. 5265) to amend section 284 of the Judicial Code of the United States; to the Committee on the Judiciary.

Also, a bill (H. R. 5266) to amend section 649 of the Revised Statutes (sec. 773, title 28, U. S. C.); to the Committee on the Judiciary.

Also, a bill (H. R. 5267) to amend section 1025 of the Revised Statutes of the United States; to the Committee on the Judiciary.

Also, a bill (H. R. 5268) to amend section 1112 of the Code of Law for the District of Columbia; to the Committee on the Judiciary.

Also, a bill (H. R. 5269) providing against misuse of official badges; to the Committee on the Judiciary.

By Mr. SELVIG: A bill (H. R. 5270) providing for a per capita payment of \$50 to each enrolled member of the Chippewa Tribe of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

Also, a bill (H. R. 5271) authorizing the Secretary of the Interior to acquire land and erect a monument at the site near Crookston, in Polk County, Minn., to commemorate the signing of a treaty on October 2, 1863, between the United States of America and the Chippewa Indians; to the Committee on the Library.

By Mr. ARENTZ: A bill (H. R. 5272) authorizing additional employees for the Federal Power Commission, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. AUF DER HEIDE: A bill (H. R. 5273) to authorize and direct the United States Shipping Board to sell certain property of the United States situated in the city of Hoboken, N. J.; to the Committee on the Merchant Marine and Fisheries.

By Mr. BOWMAN: A bill (H. R. 5274) to provide for the appointment of an additional district judge for the northern district of West Virginia; to the Committee on the Judiciary.

By Mr. CRAIL: A bill (H. R. 5275) providing for the purchase of a suitable site and the erection of a public building at Hollywood, Calif.; to the Committee on Public Buildings and Grounds.

By Mr. FITZGERALD: A bill (H. R. 5276) to repeal obsolete statutes, and to improve the United States Code; to the Committee on Revision of the Laws.

By Mr. GRAHAM: A bill (H. R. 5277) to eliminate the renewal of oath of office of Government employees under certain conditions; to the Committee on the Judiciary.

By Mr. HAUGEN: A bill (H. R. 5278) to amend the migratory bird treaty act with respect to bag limits and more effectively to meet the obligations of the United States under the migratory-bird treaty; to the Committee on Agriculture.

By Mr. JOHNSTON of Missouri: A bill (H. R. 5279) to amend the World War veterans' act of 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. JOHNSON of Washington: A bill (H. R. 5280) to amend the World War veterans' act of 1924; to the Committee on World War Veterans' Legislation.

By Mr. LAGUARDIA: A bill (H. R. 5281) exempting newspaper men from testifying with respect to the sources of certain confidential information; to the Committee on the Judiciary.

By Mr. LEAVITT: A bill (H. R. 5282) authorizing the deferring of collection of construction costs against Indian lands within irrigation projects, and for other purposes; to the Committee on Indian Affairs.

By Mr. WILLIAMSON: A bill (H. R. 5283) to declare valid the title to certain Indian lands; to the Committee on Indian Affairs.

By Mr. TINKHAM: A bill (H. R. 5284) to confer certain additional powers upon the Federal Trade Commission, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GRAHAM: A bill (H. R. 5285) to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (sec. 592, title 28, U. S. C.); to the Committee on the Judiciary.

By Mr. JOHNSON of Washington: Joint resolution (H. J. Res. 128) granting permission to Richard E. Elvins, captain, Medical Corps, United States Army, to accept a decoration bestowed upon him by the Spanish Government; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred, as follows:

By Mr. BRAND of Ohio: A bill (H. R. 5286) granting an increase of pension to Ella G. Swisher; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 5287) granting an increase of pension to John A. C. Hazel; to the Committee on Pensions.

Also, a bill (H. R. 5288) granting an increase of pension to Abbie D. Humphrey; to the Committee on Invalid Pensions.